

ANNUAL STATEMENT

OF THE

Preferred Health Partnership of Tennessee, Inc.

of

Knoxville

in the state of

Tennessee

TO THE

Insurance Department

OF THE STATE OF

Tennessee

**FOR THE YEAR ENDED
DECEMBER 31, 2004**

2004



ANNUAL STATEMENT
For the Year Ending December 31, 2004
OF THE CONDITION AND AFFAIRS OF THE
Preferred Health Partnership of Tennessee, Inc.

NAIC Group Code	1253 (Current Period)	1253 (Prior Period)	NAIC Company Code	95749	Employer's ID Number	62-1546662
Organized under the Laws of	Tennessee		State of Domicile or Port of Entry	Tennessee		
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health[] Dental Service Corporation[] Other[]		Property/Casualty[] Vision Service Corporation[] Is HMO Federally Qualified? Yes[X] No[]		Hospital, Medical & Dental Service or Indemnity[] Health Maintenance Organization[X]	
Incorporated	01/01/1994		Commenced Business	01/01/1994		
Statutory Home Office	1420 Centerpoint Blvd. (Street and Number)		Knoxville , TN 37932 (City, or Town, State and Zip Code)			
Main Administrative Office			1420 Centerpoint Blvd. (Street and Number)			
	Knoxville, TN 37932 (City or Town, State and Zip Code)		(865)670-7282 (Area Code) (Telephone Number)			
Mail Address	1420 Centerpoint Blvd. (Street and Number or P.O. Box)		Knoxville, TN 37932 (City, or Town, State and Zip Code)			
Primary Location of Books and Records			1420 Centerpoint Blvd. (Street and Number)			
	Knoxville, TN 37932 (City, or Town, State and Zip Code)		(865)670-7282 (Area Code) (Telephone Number)			
Internet Website Address						
Statutory Statement Contact	Melissa R Anderson (Name)		(865)670-7282 (Area Code)(Telephone Number)(Extension)			
	manders1@covhlth.com (E-Mail Address)		(865)470-7461 (Fax Number)			
Policyowner Relations Contact			1420 Centerpoint Blvd. (Street and Number)			
	Knoxville, TN 37932 (City, or Town, State and Zip Code)		(865)470-7470 (Area Code) (Telephone Number)(Extension)			

OFFICERS

Name	Title
Lance K. Hunsinger	President
Jeffery S. Collake	Chief Financial Officer
Jeffery S. Collake	Secretary

OTHERS

DIRECTORS OR TRUSTEES

Kenneth Truman Creed
Michael McKay Dudley
Randolph Murphree Lowry MD
Cletus Joseph McMahon Jr. MD
David A. Nowiski
Anthony L. Spezia
Sandra L. Mathy #

Thomas Rowe Bell
Daniel J. David MD
Marvin H. Eichorn
Kenneth Frederick Luckman MD
Michael Earl Mitchell MD
Francis H. Olmstead Jr.
Dean M. Turner MD #

State of Tennessee
County of Knox ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)	(Signature)	(Signature)
Lance K. Hunsinger	Jeffery S. Collake	Jeffery S. Collake
(Printed Name)	(Printed Name)	(Printed Name)
President	Chief Financial Officer	Secretary
(Title)	(Title)	(Title)

Subscribed and sworn to before me this	a. Is this an original filing?	Yes[X] No[]
_____ day of _____, 2005	b. If no,	_____
	1. State the amendment number	_____
	2. Date filed	_____
	3. Number of pages attached	_____

(Notary Public Signature)

ASSETS

		Current Year			Prior Year
		1	2	3	4
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols.1-2)	Net Admitted Assets
1.	Bonds (Schedule D)	58,499,929		58,499,929	47,651,741
2.	Stocks (Schedule D)				
2.1	Preferred stocks				
2.2	Common Stocks				
3.	Mortgage loans on real estate (Schedule B):				
3.1	First liens				
3.2	Other than first liens				
4.	Real estate (Schedule A):				
4.1	Properties occupied by the company (less \$..... encumbrances)				
4.2	Properties held for the production of income (less \$..... encumbrances)				
4.3	Properties held for sale (less \$..... encumbrances)				
5.	Cash (\$.....40,995 Schedule E Part 1), cash equivalents (\$..... Schedule E Part 2) and short-term investments (\$..... Schedule DA)	40,995		40,995	5,759,406
6.	Contract loans (including \$..... premium notes)				
7.	Other invested assets (Schedule BA)				
8.	Receivable for securities				
9.	Aggregate write-ins for invested assets				
10.	Subtotals, cash and invested assets (Lines 1 to 9)	58,540,924		58,540,924	53,411,147
11.	Investment income due and accrued	898,391		898,391	888,798
12.	Premiums and considerations				
12.1	Uncollected premiums and agents' balances in the course of collection				
12.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$..... earned but unbilled premiums)				
12.3	Accrued retrospective premiums				
13.	Reinsurance:				
13.1	Amounts recoverable from reinsurers				
13.2	Funds held by or deposited with reinsured companies				
13.3	Other amounts receivable under reinsurance contracts				
14.	Amounts receivable relating to uninsured plans				
15.1	Current federal and foreign income tax recoverable and interest thereon				
15.2	Net deferred tax asset				
16.	Guaranty funds receivable or on deposit				
17.	Electronic data processing equipment and software				
18.	Furniture and equipment, including health care delivery assets (\$.....)				
19.	Net adjustment in assets and liabilities due to foreign exchange rates				
20.	Receivables from parent, subsidiaries and affiliates	4,757,892	85,384	4,672,508	4,727,724
21.	Health care (\$.....) and other amounts receivable				
22.	Other assets nonadmitted				
23.	Aggregate write-ins for other than invested assets	54,655		54,655	
24.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	64,251,862	85,384	64,166,478	59,027,669
25.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26.	Total (Lines 24 and 25)	64,251,862	85,384	64,166,478	59,027,669
DETAILS OF WRITE-INS					
0901	.....			
0902	.....			
0903	.....			
0998.	Summary of remaining write-ins for Line 9 from overflow page				
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)				
2301.	A/R Risk Share				
2302.	A/R State Admin	54,655		54,655	
2303	.....			
2398.	Summary of remaining write-ins for Line 23 from overflow page				
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	54,655		54,655	

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$..... reinsurance ceded)	1,000,000		1,000,000	1,421,510
2.	Accrued medical incentive pool and bonus amounts				
3.	Unpaid claims adjustment expenses	30,000		30,000	11,290
4.	Aggregate health policy reserves	10,826,641		10,826,641	10,826,641
5.	Aggregate life policy reserves				
6.	Property/casualty unearned premium reserves				
7.	Aggregate health claim reserves				
8.	Premiums received in advance				
9.	General expenses due or accrued	12,872,054		12,872,054	11,498,675
10.1	Current federal and foreign income tax payable and interest thereon (including \$..... on realized capital gains (losses))				
10.2	Net deferred tax liability				
11.	Ceded reinsurance premiums payable				
12.	Amounts withheld or retained for the account of others				
13.	Remittance and items not allocated				
14.	Borrowed money (including \$..... current) and interest thereon \$..... (including \$..... current)				
15.	Amounts due to parent, subsidiaries and affiliates				
16.	Payable for securities				
17.	Funds held under reinsurance treaties with (\$..... authorized reinsurers and \$..... unauthorized reinsurers)				
18.	Reinsurance in unauthorized companies				
19.	Net adjustments in assets and liabilities due to foreign exchange rates				
20.	Liability for amounts held under uninsured accident and health plans				
21.	Aggregate write-ins for other liabilities (including \$..... current)	14,082,990		14,082,990	14,082,990
22.	Total liabilities (Lines 1 to 21)	38,811,685		38,811,685	37,841,106
23.	Common capital stock	X X X	X X X	1,000	1,000
24.	Preferred capital stock	X X X	X X X		
25.	Gross paid in and contributed surplus	X X X	X X X	61,379,848	61,379,848
26.	Surplus notes	X X X	X X X		
27.	Aggregate write-ins for other than special surplus funds	X X X	X X X		
28.	Unassigned funds (surplus)	X X X	X X X	(36,026,055)	(40,194,285)
29.	Less treasury stock, at cost:	X X X	X X X		
29.1	..... shares common (value included in Line 23 \$.....)	X X X	X X X		
29.2	..... shares preferred (value included in Line 24 \$.....)	X X X	X X X		
30.	Total capital and surplus (Lines 23 to 28 minus Line 29)	X X X	X X X	25,354,793	21,186,563
31.	Total Liabilities, capital and surplus (Lines 22 and 30)	X X X	X X X	64,166,478	59,027,669
DETAILS OF WRITE-INS					
2101.	Accrued Run-Out Costs	14,082,990		14,082,990	14,082,990
2102.	Grier Decree Accrual				
2103.	Reserve for Transplants				
2198.	Summary of remaining write-ins for Line 21 from overflow page				
2199.	TOTALS (Lines 2101 through 2103 plus 2198) (Line 21 above)	14,082,990		14,082,990	14,082,990
2701	.....	X X X	X X X		
2702	.....	X X X	X X X		
2703	.....	X X X	X X X		
2798.	Summary of remaining write-ins for Line 27 from overflow page	X X X	X X X		
2799.	TOTALS (Lines 2701 through 2703 plus 2798) (Line 27 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months	X X X	1,585,507	1,576,120
2.	Net premium income (including \$..... non-health premium income)	X X X		195,632
3.	Change in unearned premium reserves and reserve for rate credits	X X X		
4.	Fee-for-service (net of \$..... medical expenses)	X X X		
5.	Risk revenue	X X X		
6.	Aggregate write-ins for other health care related revenues	X X X	964,860	1,249,239
7.	Aggregate write-ins for other non-health revenues	X X X		
8.	Total revenues (Lines 2 to 7)	X X X	964,860	1,444,871
Hospital and Medical:				
9.	Hospital/medical benefits			
10.	Other professional services	(581,562)	(581,562)	(48,912)
11.	Outside referrals			
12.	Emergency room and out-of-area			
13.	Prescription drugs	(34,858)	(34,858)	(1,287,199)
14.	Aggregate write-ins for other hospital and medical	(250,200)	(250,200)	1,885,287
15.	Incentive pool, withhold adjustments and bonus amounts			
16.	Subtotal (Lines 9 to 15)	(866,620)	(866,620)	549,176
Less:				
17.	Net reinsurance recoveries			
18.	Total hospital and medical (Lines 16 minus 17)	(866,620)	(866,620)	549,176
19.	Non-health claims			
20.	Claims adjustment expenses, including \$..... cost containment expenses			
21.	General administrative expenses			
22.	Increase in reserves for life and accident and health contracts (including \$..... increase in reserves for life only)			
23.	Total underwriting deductions (Lines 18 through 22)	(866,620)	(866,620)	549,176
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	1,831,480	895,695
25.	Net investment income earned (Exhibit of Net Investment Income, Line 17)		2,231,998	3,003,257
26.	Net realized capital gains (losses)		153,673	611,584
27.	Net investment gains (losses) (Lines 25 plus 26)		2,385,671	3,614,841
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....) (amount charged off \$.....)]			
29.	Aggregate write-ins for other income or expenses			
30.	Net income or (loss) before federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	4,217,151	4,510,536
31.	Federal and foreign income taxes incurred	X X X		1,295,965
32.	Net income (loss) (Lines 30 minus 31)	X X X	4,217,151	3,214,571
DETAILS OF WRITE-INS				
0601.	Other Revenue	X X X		135
0602.	State Admin Revenue	X X X	964,860	1,249,104
0603	.....	X X X		
0698.	Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X	964,860	1,249,239
0701	.....	X X X		
0702	.....	X X X		
0703	.....	X X X		
0798.	Summary of remaining write-ins for Line 7 from overflow page	X X X		
0799.	TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above)	X X X		
1401.	Recoveries	(496,848)	(496,848)	(704,659)
1402.	Risk Share	246,648	246,648	2,589,946
1403	.....		
1498.	Summary of remaining write-ins for Line 14 from overflow page			
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)	(250,200)	(250,200)	1,885,287
2901	.....		
2902	.....		
2903	.....		
2998.	Summary of remaining write-ins for Line 29 from overflow page			
2999.	TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above)			

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year	21,186,563	17,929,640
GAINS AND LOSSES TO CAPITAL & SURPLUS			
34.	Net income or (loss) from Line 32	4,217,151	3,214,571
35.	Change in valuation basis of aggregate policy and claim reserves		
36.	Net unrealized capital gains and losses		
37.	Change in net unrealized foreign exchange capital gain or (loss)		
38.	Change in net deferred income tax		
39.	Change in nonadmitted assets	(48,920)	42,352
40.	Change in unauthorized reinsurance		
41.	Change in treasury stock		
42.	Change in surplus notes		
43.	Cumulative effect of changes in accounting principles		
44.	Capital Changes:		
44.1	Paid in		
44.2	Transferred from surplus (Stock Dividend)		
44.3	Transferred to surplus		
45.	Surplus adjustments:		
45.1	Paid in		
45.2	Transferred to capital (Stock Dividend)		
45.3	Transferred from capital		
46.	Dividends to stockholders		
47.	Aggregate write-ins for gains or (losses) in surplus		
48.	Net change in capital and surplus (Lines 34 to 47)	4,168,231	3,256,923
49.	Capital and surplus end of reporting year (Line 33 plus 48)	25,354,794	21,186,563
DETAILS OF WRITE-INS			
4701.	Miscellaneous		
4702	.....	
4703	.....	
4798.	Summary of remaining write-ins for Line 47 from overflow page		
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)		

Report #2A: TENNCARE OPERATIONS STATEMENT OF REVENUES AND EXPENSES

	Current Year		Previous Year
	Current Period	Year to Date Total	Total
Member Months	0	0	186
REVENUES:			
1. TennCare Capitation	0	0	195,632
2. Investment	565,054	2,385,671	3,614,841
3. Other Revenue	0	0	135
State Admin Revenue	442,464	964,860	1,249,104
4. TOTAL REVENUES (Lines 1 to 3)	1,007,518	3,350,531	5,059,712
EXPENSES:			
Medical and Hospital Services:			
5. Capitated Physician Services	0	0	(17,895)
6. Fee-For-Service Physician Services	0	0	0
7. Inpatient Hospital Services	(670,121)	(581,562)	(31,017)
8. Outpatient Services	0	0	0
9. Emergency Room Services	0	0	0
10. Mental Health Services	0	0	0
11. Dental Services (Capitated & FFS)	0	0	0
12. Vision Services (Capitated , FFS & Opthamology)	0	0	0
13. Pharmacy Services (Capitated & FFS)	(15,694)	(34,858)	(1,287,199)
14. Home Health Services	0	0	0
15. Chiropractic Services	0	0	0
16. Radiology Services	0	0	0
17. Laboratory Services	0	0	0
18. Durable Medical Equipment Services	0	0	0
19. Transportation Services (Capitated)	0	0	0
20. Outside Referrals	0	0	0
21. Medical Incentive Pool and Withhold Adjustments	0	0	0
22. Occupancy, Depreciation, and Amortization	0	0	0
23. Other Medical and Hospital Services (Provide Detail)			
Surgery - Orthopedic - FFS Office	0	0	0
MCO Delegated Services	0	0	0
Allergy & Immunology FFS Office & Other	0	0	0
Counselors/Therapists	0	0	0
Otolaryngology - FFS Office	0	0	0
Anesthesiology - FFS Hosp & Other	0	0	0
Gastroenterology	0	0	0
Preventive Medicine	0	0	0
Ped Emergency Medicine - FFS Hospital	0	0	0
IBNR	0	0	0
Risk Share	246,648	246,648	2,589,946
24. Subtotal (Lines 5 to 23)	(439,166)	(369,772)	1,253,835
25. Reinsurance Expenses Net of Recoveries	0	0	0
LESS:	0		
26. Copayments	0	0	0
27. Subrogation	0	0	0
27a Recoveries	42,499	496,848	704,659
28. Coordination of Benefits	0	0	0
29. Subtotal (Lines 26 to 28)	42,499	496,848	704,659
30. TOTAL MEDICAL AND HOSPITAL (Lines 24 and 25 less 29)	(481,665)	(866,619)	549,176

Report #2A (Continued): TENNCARE OPERATIONS STATEMENT OF REVENUES AND EXPENSES			
	Current Year		Previous Year
	Current Period	Year to Date Total	Total
Administration:			
31. Compensation (Including Allocated Costs)	2,050,340	8,899,639	9,711,431
32. Marketing (Including Allocated Costs)	9,865	16,074	6,931
33. Premium Tax Expense	104,017	413,846	440,775
34. Occupancy, Depreciation and Amortization (Including Allocated Costs)	218,685	847,432	948,249
35. Other Administration (Provide detail)			
Printing	6,355	178,877	271,087
Rent/Utilities	0	0	0
Franchise, Excise & Property Taxes	0	0	0
Postage	106,220	300,464	153,139
Legal Fees	4,473	20,953	6,993
Liquidated Damages	300,000	1,207,740	1,203,280
Outside Services	124,105	449,580	329,948
Board & Committee Fees	0		0
Auditing, actuarial and other consulting services	0		0
Books & Subscriptions	972	1,929	3,328
Dues, Fees & Licenses	156	4,015	53,148
Education & Seminars	(150)	2,648	2,134
Meals & Entertainment	202	1,363	1,627
Office Supplies	925	1,804	1,622
Minor Equipment	0		22
Travel	142	4,783	6,068
Wellness Program	0		0
Leases & Rentals of equipment	0		0
Repairs/Maintenance Agreements	0	387	902
Telephone/Beepers/Cellular Phones	23	140	124
Temp/Contract Personnel	1,156	14,801	56,759
Provision for Loss Contracts	0		0
Risk Banding Reserve	0		(4,053,559)
Program Run Out Expense	0		0
State Admin Revenue	(4,758,405)	(19,727,374)	(17,059,131)
Miscellaneous Expense	30,016	34,284	655,976
Total DIRECT Expenses	(1,800,903)	(7,326,616)	(7,259,147)
Other ALLOCATED Expenses (Provide detail)			
Rent/Utilities	139,466	537,634	568,844
Printing	61,349	141,274	141,915
Postage	188,267	373,155	413,518
Legal Fees	464,113	745,164	189,293
Outside Services	(317,509)	743,642	954,943
Board & Committee Fees	70,445	170,130	89,638
Survey Fees	(46,695)	54,527	65,330
Telephone/Beepers/Cellular Phones	69,691	232,273	240,337
Books & Subscriptions	44,316	130,040	82,708
Minor Equipment	45,064	99,858	43,690
Computer Supplies	0	0	289
Dues, Fees & Licenses	31,910	229,951	356,822
Education & Seminars	6,991	35,637	58,092
Meals & Entertainment	8,899	30,659	28,996
Office Supplies	29,704	96,042	129,773
Travel	21,462	79,554	78,995
Miscellaneous Expense	28,902	158,185	279,965
Franchise, Excise & Property Taxes & Sales/Use Tax	(3,277)	139,083	108,812
Insurance	130,147	414,930	387,966
Leases & Rentals of equipment	50,501	128,625	145,200
Repairs/Maintenance Agreements	225,744	524,947	538,554
Relocation Expense Total	(6,045)	9,937	13,692
Training and Orientation Total	0	0	0
Temp/Contract Personnel	114,975	547,674	873,620
Covenant Management Fees	442,483	1,703,691	1,468,156
Total ALLOCATED Expenses	1,800,903	7,326,615	7,259,148
36. TOTAL ADMINISTRATION (Lines 31 to 36)	(1)	(1)	0
FIT & Excise Tax	0	0	1,295,965
37. Total Other Expenses:	0	0	1,295,965
38. TOTAL EXPENSES (Lines 30 and 37 and 37A)	(481,666)	(866,620)	1,845,141
39. NET INCOME (LOSS) (Line 4 less Line 38)	1,489,184	4,217,151	3,214,571

Report #2A: TENNCARE OPERATIONS STATEMENT OF REVENUES AND EXPENSES

	Current Year		Previous Year
	Current Period	Year to Date Total	Total
Member Months	398,364	1,585,507	1,575,934
REVENUES:			
1. TennCare Capitation	53,191,605	215,259,968	240,947,307
2. Investment	420	1,859	2,341
3. Other Revenue			
IBNR / Capitation Revenue Receivable	2,481,885	32,463,841	18,842,234
Premium Tax	1,087,222	3,325,980	(322,160)
4. TOTAL REVENUES (Lines 1 to 3)	56,761,132	251,051,647	259,469,722
EXPENSES:			
Medical and Hospital Services:			
5. Capitated Physician Services	208,579	1,455,699	1,675,000
6. Fee-For-Service Physician Services	5,698,545	24,758,072	21,152,510
7. Inpatient Hospital Services	31,894,889	144,882,748	126,729,916
8. Outpatient Services	19,634	61,435	3,336,119
9. Emergency Room Services	2,916,666	12,879,752	11,477,633
10. Mental Health Services	14,036	62,820	18,409
11. Dental Services (Capitated & FFS)	2,719	7,730	12,498
12. Vision Services (Capitated , FFS & Opthamology)	235,102	864,314	823,292
13. Pharmacy Services (Capitated & FFS)	(3,416)	(14,729)	38,160,121
14. Home Health Services	122,087	434,412	439,080
15. Chiropractic Services	0	0	0
16. Radiology Services	49,429	200,976	156,046
17. Laboratory Services	7,844,255	33,972,466	24,737,079
18. Durable Medical Equipment Services	1,815,515	7,805,932	6,911,188
19. Transportation Services (Capitated)	1,227,079	5,003,592	4,500,642
20. Outside Referrals	0	0	0
21. Medical Incentive Pool and Withhold Adjustments	0	0	0
22. Occupancy, Depreciation, and Amortization	0	0	0
23. Other Medical and Hospital Services (Provide Detail)			
Surgery - Orthopedic - FFS Office	0	0	0
MCO Delegated Services	0	0	0
Allergy & Immunology FFS Office & Other	1,744,513	6,216,562	6,972,921
Counselors/Therapists	0	0	0
Otolaryngology - FFS Office	382,742	1,455,865	1,206,908
Anesthesiology - FFS Hosp & Other	838,515	3,424,862	3,255,732
Gastroenterology	24,944	86,098	30,454
Preventive Medicine	783,930	3,335,487	3,149,797
Ped Emergency Medicine - FFS Hospital	0	0	0
Miscellaneous	54,244	952,934	284,075
IBNR	0	0	0
Risk Share	0	0	0
24. Subtotal (Lines 5 to 23)	55,874,010	247,847,029	255,029,421
25. Reinsurance Expenses Net of Recoveries	0	0	0
LESS:	0		
26. Copayments	0	0	0
27. Subrogation	168,520	533,153	132,638
27a Recoveries	31,580	633,139	246,053
28. Coordination of Benefits	0	0	0
29. Subtotal (Lines 26 to 28)	200,100	1,166,292	378,692
30. TOTAL MEDICAL AND HOSPITAL (Lines 24 and 25 less 29)	55,673,910	246,680,737	254,650,729

Report #2A (Continued): TENNCARE OPERATIONS STATEMENT OF REVENUES AND EXPENSES			
	Current Year		Previous Year
	Current Period	Year to Date Total	Total
Administration:			
31. Compensation (Including Allocated Costs)	0	0	0
32. Marketing (Including Allocated Costs)	0	0	0
33. Premium Tax Expense	1,087,222	4,370,910	4,818,993
34. Occupancy, Depreciation and Amortization (Including Allocated Costs)	0	0	0
35. Other Administration (Provide detail)			
Printing	0	0	0
Rent/Utilities	0	0	0
Franchise, Excise & Property Taxes	0	0	0
Postage	0	0	0
Legal Fees	0	0	0
Liquidated Damages	0	0	0
Outside Services	0	0	0
Board & Committee Fees	0	0	0
Auditing, actuarial and other consulting services	0	0	0
Books & Subscriptions	0	0	0
Dues, Fees & Licenses	0	0	0
Education & Seminars	0	0	0
Meals & Entertainment	0	0	0
Office Supplies	0	0	0
Minor Equipment	0	0	0
Travel	0	0	0
Wellness Program	0	0	0
Leases & Rentals of equipment	0	0	0
Repairs/Maintenance Agreements	0	0	0
Telephone/Beepers/Cellular Phones	0	0	0
Temp/Contract Personnel	0	0	0
Provision for Loss Contracts	0	0	0
Risk Banding Reserve	0	0	0
Program Run Out Expense	0	0	0
Miscellaneous Expense	0	0	0
Total DIRECT Expenses	1,087,222	4,370,910	4,818,993
Other ALLOCATED Expenses (Provide detail)			
Rent/Utilities	0	0	0
Printing	0	0	0
Postage	0	0	0
Legal Fees	0	0	0
Outside Services	0	0	0
Board & Committee Fees	0	0	0
Survey Fees	0	0	0
Telephone/Beepers/Cellular Phones	0	0	0
Books & Subscriptions	0	0	0
Minor Equipment	0	0	0
Computer Supplies	0	0	0
Dues, Fees & Licenses	0	0	0
Education & Seminars	0	0	0
Meals & Entertainment	0	0	0
Office Supplies	0	0	0
Travel	0	0	0
Miscellaneous Expense	0	0	0
Franchise, Excise & Property Taxes & Sales/Use Tax	0	0	0
Insurance	0	0	0
Leases & Rentals of equipment	0	0	0
Repairs/Maintenance Agreements	0	0	0
Relocation Expense Total	0	0	0
Training and Orientation Total	0	0	0
Temp/Contract Personnel	0	0	0
Covenant Management Fees	0	0	0
Total ALLOCATED Expenses	0	0	0
36. TOTAL ADMINISTRATION (Lines 31 to 36)	1,087,222	4,370,910	4,818,993
FIT & Excise Tax	0	0	0
37. Total Other Expenses:	0	0	0
38. TOTAL EXPENSES (Lines 30 and 37 and 37A)	56,761,132	251,051,647	259,469,722
39. NET INCOME (LOSS) (Line 4 less Line 38)	0	(0)	0

Report #2A: TENNCARE OPERATIONS STATEMENT OF REVENUES AND EXPENSES

	Current Year		Previous Year
	Current Period	Year to Date Total	Total
Member Months	398,364	1,585,507	1,576,120
REVENUES:			
1. TennCare Capitation	53,191,605	215,259,968	241,142,939
2. Investment	565,475	2,387,530	3,617,182
3. Other Revenue	0	0	135
State Admin Revenue	442,464	964,860	1,249,104
IBNR / Capitation Revenue Receivable	2,481,884	32,463,841	18,842,234
Premium Tax	1,087,222	3,325,980	(322,160)
4. TOTAL REVENUES (Lines 1 to 3)	57,768,650	254,402,179	264,529,434
EXPENSES:			
Medical and Hospital Services:			
5. Capitated Physician Services	208,579	1,455,699	1,657,105
6. Fee-For-Service Physician Services	5,698,545	24,758,072	21,152,510
7. Inpatient Hospital Services	31,224,768	144,301,186	126,698,899
8. Outpatient Services	19,635	61,435	3,336,119
9. Emergency Room Services	2,916,666	12,879,752	11,477,633
10. Mental Health Services	14,036	62,820	18,409
11. Dental Services (Capitated & FFS)	2,719	7,730	12,498
12. Vision Services (Capitated , FFS & Opthamology)	235,102	864,314	823,292
13. Pharmacy Services (Capitated & FFS)	(19,110)	(49,587)	36,872,922
14. Home Health Services	122,087	434,412	439,080
15. Chiropractic Services	0	0	0
16. Radiology Services	49,429	200,976	156,046
17. Laboratory Services	7,844,254	33,972,466	24,737,079
18. Durable Medical Equipment Services	1,815,514	7,805,932	6,911,188
19. Transportation Services (Capitated)	1,227,079	5,003,592	4,500,642
20. Outside Referrals	0	0	0
21. Medical Incentive Pool and Withhold Adjustments	0	0	0
22. Occupancy, Depreciation, and Amortization	0	0	0
23. Other Medical and Hospital Services (Provide Detail)			
Surgery - Orthopedic - FFS Office	0	0	0
MCO Delegated Services	0	0	0
Allergy & Immunology FFS Office & Other	1,744,513	6,216,562	6,972,921
Counselors/Therapists	0	0	0
Otolaryngology - FFS Office	382,742	1,455,865	1,206,908
Anesthesiology - FFS Hosp & Other	838,515	3,424,862	3,255,732
Gastroenterology	24,945	86,098	30,454
Preventive Medicine	783,930	3,335,487	3,149,797
Ped Emergency Medicine - FFS Hospital	0	0	0
Miscellaneous	54,245	952,934	284,075
IBNR	0	0	0
Risk Share	246,648	246,648	2,589,946
24. Subtotal (Lines 5 to 23)	55,434,841	247,477,255	256,283,255
25. Reinsurance Expenses Net of Recoveries	0	0	0
LESS:			
26. Copayments	0	0	0
27. Subrogation	168,520	533,153	132,638
27a Recoveries	74,079	1,129,987	950,712
28. Coordination of Benefits	0	0	0
29. Subtotal (Lines 26 to 28)	242,599	1,663,140	1,083,350
30. TOTAL MEDICAL AND HOSPITAL (Lines 24 and 25 less 29)	55,192,242	245,814,115	255,199,905

Report #2A (Continued): TENNCARE OPERATIONS STATEMENT OF REVENUES AND EXPENSES			
	Current Year		Previous Year
	Current Period	Year to Date Total	Total
Administration:			
31. Compensation (Including Allocated Costs)	2,050,341	8,899,639	9,711,431
32. Marketing (Including Allocated Costs)	9,865	16,074	6,931
33. Premium Tax Expense	1,191,239	4,784,756	5,259,768
34. Occupancy, Depreciation and Amortization (Including Allocated Costs)	218,685	847,432	948,249
35. Other Administration (Provide detail)	0		
Printing	6,355	178,877	271,087
Rent/Utilities	0	0	0
Franchise, Excise & Property Taxes	0	0	0
Postage	106,220	300,464	153,139
Legal Fees	4,473	20,953	6,993
Liquidated Damages	300,000	1,207,740	1,203,280
Outside Services	124,105	449,580	329,948
Board & Committee Fees	0	0	0
Auditing, actuarial and other consulting services	0	0	0
Books & Subscriptions	972	1,929	3,328
Dues, Fees & Licenses	156	4,015	53,148
Education & Seminars	(150)	2,648	2,134
Meals & Entertainment	202	1,363	1,627
Office Supplies	925	1,804	1,622
Minor Equipment	0	0	22
Travel	142	4,783	6,068
Wellness Program	0	0	0
Leases & Rentals of equipment	0	0	0
Repairs/Maintenance Agreements	0	387	902
Telephone/Beepers/Cellular Phones	23	140	124
Temp/Contract Personnel	1,156	14,801	56,759
Provision for Loss Contracts	0	0	0
Risk Banding Reserve	0	0	(4,053,559)
Program Run Out Expense	0	0	0
State Admin	(4,758,405)	(19,727,374)	(17,059,131)
Miscellaneous Expense	30,019	34,290	655,976
Total DIRECT Expenses	(713,677)	(2,955,699)	(2,440,154)
Other ALLOCATED Expenses (Provide detail)			
Rent/Utilities	139,466	537,634	568,844
Printing	61,348	141,274	141,915
Postage	188,267	373,155	413,518
Legal Fees	464,113	745,164	189,293
Outside Services	(317,509)	743,642	954,943
Board & Committee Fees	70,444	170,130	89,638
Survey Fees	(46,695)	54,527	65,330
Telephone/Beepers/Cellular Phones	69,691	232,273	240,337
Books & Subscriptions	44,316	130,040	82,708
Minor Equipment	45,064	99,858	43,690
Computer Supplies	0	0	289
Dues, Fees & Licenses	31,911	229,951	356,822
Education & Seminars	6,991	35,637	58,092
Meals & Entertainment	8,899	30,659	28,996
Office Supplies	29,703	96,042	129,773
Travel	21,462	79,554	78,995
Miscellaneous Expense	28,902	158,185	279,964
Franchise, Excise & Property Taxes & Sales/Use Tax	(3,277)	139,083	108,812
Insurance	130,147	414,930	387,966
Leases & Rentals of equipment	50,501	128,625	145,200
Repairs/Maintenance Agreements	225,744	524,947	538,554
Relocation Expense Total	(6,045)	9,937	13,692
Training and Orientation Total	0	0	0
Temp/Contract Personnel	114,976	547,674	873,620
Covenant Management Fees	442,482	1,703,691	1,468,156
Total ALLOCATED Expenses	1,800,901	7,326,612	7,259,147
36. TOTAL ADMINISTRATION (Lines 31 to 36)	1,087,224	4,370,913	4,818,993
FIT & Excise Tax	0	0	1,295,965
37. Total Other Expenses:	0	0	1,295,965
38. TOTAL EXPENSES (Lines 30 and 37 and 37A)	56,279,466	250,185,028	261,314,863
39. NET INCOME (LOSS) (Line 4 less Line 38)	1,489,184	4,217,151	3,214,571

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance		2,713,815
2.	Net investment income	2,683,279	3,706,687
3.	Miscellaneous income	964,860	1,249,239
4.	Total (Lines 1 through 3)	3,648,139	7,669,741
5.	Benefit and loss related payments	(445,110)	2,233,153
6.	Net transfers to Separate, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	(1,343,728)	26,475,929
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) \$..... net of tax on capital gains (losses)		
10.	Total (Lines 5 through 9)	(1,788,838)	28,709,082
11.	Net cash from operations (Line 4 minus 10)	5,436,977	(21,039,341)
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds	19,014,257	45,967,675
12.2	Stocks		
12.3	Mortgage loans		
12.4	Real estate		
12.5	Other invested assets		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7	Miscellaneous proceeds		
12.8	Total investment proceeds (Lines 12.1 to 12.7)	19,014,257	45,967,675
13.	Cost of investments acquired (long-term only):		
13.1	Bonds	30,169,646	22,945,277
13.2	Stocks		
13.3	Mortgage loans		
13.4	Real estate		
13.5	Other invested assets		
13.6	Miscellaneous applications		
13.7	Total investments acquired (Lines 13.1 to 13.6)	30,169,646	22,945,277
14.	Net increase (decrease) in policy loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(11,155,388)	23,022,398
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes		
16.2	Capital and paid in surplus, less treasury stock		
16.3	Borrowed funds		
16.4	Net deposits on deposit-type contracts and other insurance liabilities		
16.5	Dividends to stockholders		
16.6	Other cash provided (applied)		
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)		
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS			
18.	Net change in cash and short-term investments (Line 11, plus Lines 15 and 17)	(5,718,411)	1,983,057
19.	Cash and short-term investments:		
19.1	Beginning of year	5,759,406	3,776,349
19.2	End of year (Line 18 plus Line 19.1)	40,995	5,759,406

Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

20.0001		
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ANALYSIS OF OPERATIONS BY LINES OF BUSINESS
(Gain and Loss Exhibit)

		1	2	3	4	5	6	7	8	9	10	11	12	13
		Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employee Health Benefit Plan	Title XVIII- Medicare	Title XIX- Medicaid	Stop Loss	Disability Income	Long- term Care	Other Health	Other Non-Health
1.	Net premium income													
2.	Change in unearned premium reserves and reserve for rate credit ..													
3.	Fee-for-service (net of \$..... medical expenses)													X X X
4.	Risk revenue													X X X
5.	Aggregate write-ins for other health care related revenues	964,860							964,860					X X X
6.	Aggregate write-ins for other non-health care related revenues		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
7.	Total revenues (Lines 1 to 6)	964,860							964,860					
8.	Hospital/medical benefits													X X X
9.	Other professional services	(581,562)							(581,562)					X X X
10.	Outside referrals													X X X
11.	Emergency room and out-of-area													X X X
12.	Prescription drugs	(34,858)							(34,858)					X X X
13.	Aggregate write-ins for other hospital and medical	(250,200)							(250,200)					X X X
14.	Incentive pool, withhold adjustments and bonus amounts													X X X
15.	Subtotal (Lines 8 to 14)	(866,620)							(866,620)					X X X
16.	Net reinsurance recoveries													X X X
17.	Total hospital and medical (Lines 15 minus 16)	(866,620)							(866,620)					X X X
18.	Non-health claims (net)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
19.	Claims adjustment expenses including \$..... cost containment expenses													
20.	General administrative expenses													
21.	Increase in reserves for accident and health contracts													X X X
22.	Increase in reserves for life contracts		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
23.	Total underwriting deductions (Lines 17 to 22)	(866,620)							(866,620)					
24.	Net underwriting gain or (loss) (Line 7 minus Line 23)	1,831,480							1,831,480					
DETAILS OF WRITE-INS														
0501.	Other Revenue													X X X
0502.	State Admin Revenue	964,860							964,860					X X X
0503	.....													X X X
0598.	Summary of remaining write-ins for Line 5 from overflow page													X X X
0599.	TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)	964,860							964,860					X X X
0601	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0602	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0603	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0698.	Summary of remaining write-ins for Line 6 from overflow page		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
1301.	Recoveries	(496,848)							(496,848)					X X X
1302.	Risk Share	246,648							246,648					X X X
1303	.....													X X X
1398.	Summary of remaining write-ins for Line 13 from overflow page													X X X
1399.	TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above)	(250,200)							(250,200)					X X X

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

		1	2	3	4
		Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Columns 1 + 2 - 3)
Line of Business					
1.	Comprehensive (hospital and medical) .....	.....	.....	.....	.....
2.	Medicare Supplement .....	.....	.....	.....	.....
3.	Dental only .....	.....	.....	.....	.....
4.	Vision only .....	.....	.....	.....	.....
5.	Federal Employee Health Benefits Plan .....	.....	.....	.....	.....
6.	Title XVIII - Medicare	N O N E		.....	.....
7.	Title XIX - Medicaid .....			.....	.....
8.	Stop loss .....			.....	.....
9.	Disability income .....			.....	.....
10.	Long-term care .....	.....	.....	.....	.....
11.	Other health .....	.....	.....	.....	.....
12.	Health subtotal (Lines 1 through 11) .....	.....	.....	.....	.....
13.	Life .....	.....	.....	.....	.....
14.	Property/casualty .....	.....	.....	.....	.....
15.	TOTALS (Lines 12 to 14) .....	.....	.....	.....	.....

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 - Claims Incurred During the Year

		1	2	3	4	5	6	7	8	9	10	11	12	13
		Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1.	Payments during the year:													
	1.1 Direct	(445,110)							(445,110)					
	1.2 Reinsurance assumed													
	1.3 Reinsurance ceded													
	1.4 Net	(445,110)							(445,110)					
2.	Paid medical incentive pools and bonuses													
3.	Claim liability December 31, current year from Part 2A:													
	3.1 Direct	1,000,000							1,000,000					
	3.2 Reinsurance assumed													
	3.3 Reinsurance ceded													
	3.4 Net	1,000,000							1,000,000					
4.	Claim reserve December 31, current year from Part 2D:													
	4.1 Direct													
	4.2 Reinsurance assumed													
	4.3 Reinsurance ceded													
	4.4 Net													
5.	Accrued medical incentive pools and bonuses, current year													
6.	Amounts recoverable from reinsurers December 31, current year ..													
7.	Claim liability December 31, prior year from Part 2A:													
	7.1 Direct	1,421,510							1,421,510					
	7.2 Reinsurance assumed													
	7.3 Reinsurance ceded													
	7.4 Net	1,421,510							1,421,510					
8.	Claim reserve December 31, prior year from Part 2D:													
	8.1 Direct													
	8.2 Reinsurance assumed													
	8.3 Reinsurance ceded													
	8.4 Net													
9.	Accrued medical incentive pools and bonuses, prior year													
10.	Amounts recoverable from reinsurers December 31, prior year ..													
11.	Incurred benefits:													
	11.1 Direct	(866,620)							(866,620)					
	11.2 Reinsurance assumed													
	11.3 Reinsurance ceded													
	11.4 Net	(866,620)							(866,620)					
12.	Incurred medical incentive pools and bonuses													

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - Claims Liability End of Current Year

		1	2	3	4	5	6	7	8	9	10	11	12	13
		Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1.	Reported in Process of Adjustment:													
	1.1 Direct	419							419					
	1.2 Reinsurance assumed													
	1.3 Reinsurance ceded													
	1.4 Net	419							419					
2.	Incurred but Unreported:													
	2.1 Direct	999,581							999,581					
	2.2 Reinsurance assumed													
	2.3 Reinsurance ceded													
	2.4 Net	999,581							999,581					
3.	Amounts Withheld from Paid Claims and Capitations:													
	3.1 Direct													
	3.2 Reinsurance assumed													
	3.3 Reinsurance ceded													
	3.4 Net													
4.	TOTALS													
	4.1 Direct	1,000,000							1,000,000					
	4.2 Reinsurance assumed													
	4.3 Reinsurance ceded													
	4.4 Net	1,000,000							1,000,000					

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

		Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
Line of Business							
1.	Comprehensive (hospital and medical) .....	.....	.....	.....	.....	.....	.....
2.	Medicare Supplement .....	.....	.....	.....	.....	.....	.....
3.	Dental only .....	.....	.....	.....	.....	.....	.....
4.	Vision only .....	.....	.....	.....	.....	.....	.....
5.	Federal Employees Health Benefits Plan .....	.....	.....	.....	.....	.....	.....
6.	Title XVIII - Medicare .....	.....	.....	.....	.....	.....	.....
7.	Title XIX - Medicaid	(445,110)	.....	1,000,000	.....	554,890	1,421,510
8.	Other health .....	.....	.....	.....	.....	.....	.....
9.	Health subtotal (Lines 1 to 8)	(445,110)	.....	1,000,000	.....	554,890	1,421,510
10.	Other non-health .....	.....	.....	.....	.....	.....	.....
11.	Medical incentive pool and bonus amounts .....	.....	.....	.....	.....	.....	.....
12.	TOTALS (Lines 9 to 11)	(445,110)	.....	1,000,000	.....	554,890	1,421,510

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Grand Total

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2000	2 2001	3 2002	4 2003	5 2004
1.	Prior	14,912				
2.	2000	110,927	17,633			
3.	2001	X X X	167,667	17,842		
4.	2002	X X X	X X X	94,543	2,244	(445)
5.	2003	X X X	X X X	X X X		
6.	2004	X X X	X X X	X X X	X X X	

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 2000	2 2001	3 2002	4 2003	5 2004
1.	Prior	20,192				
2.	2000	133,609	18,208			
3.	2001	X X X	197,972	18,765		
4.	2002	X X X	X X X	96,737	3,666	555
5.	2003	X X X	X X X	X X X		
6.	2004	X X X	X X X	X X X	X X X	

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2000	155,606	128,559			128,559	82.618			128,559	82.618
2.	2001	204,781	185,510	5,336	2.876	190,846	93.195			190,846	93.195
3.	2002	110,159	96,342	5,273	5.473	101,615	92.244	1,000	30	102,645	93.179
4.	2003										
5.	2004										

12 Total

12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Hospital and Medical	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Hospital and Medical . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Hospital and Medical . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . .	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Fed Emp HBPP	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Fed Emp HBPP	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Fed Emp HBPP	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XVIII-Medicare	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XVIII-Medicare	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XVIII-Medicare	NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Title XIX - Medicaid

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2000	2 2001	3 2002	4 2003	5 2004
1.	Prior	14,912				
2.	2000	110,927	17,633			
3.	2001	X X X	167,667	17,842		
4.	2002	X X X	X X X	94,543	2,244	(445)
5.	2003	X X X	X X X	X X X		
6.	2004	X X X	X X X	X X X	X X X	

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 2000	2 2001	3 2002	4 2003	5 2004
1.	Prior	20,192				
2.	2000	133,609	18,208			
3.	2001	X X X	197,972	18,765		
4.	2002	X X X	X X X	96,737	3,666	555
5.	2003	X X X	X X X	X X X		
6.	2004	X X X	X X X	X X X	X X X	

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2000	155,606	128,559			128,559	82.618			128,559	82.618
2.	2001	204,781	185,510	5,336	2.876	190,846	93.195			190,846	93.195
3.	2002	110,159	96,342	5,273	5.473	101,615	92.244	1,000	30	102,645	93.179
4.	2003										
5.	2004										

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Other

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2000	2 2001	3 2002	4 2003	5 2004
1.	Prior					
2.	2000	N O N E				
3.	2001					
4.	2002					
5.	2003					
6.	2004	X X X	X X X	X X X	X X X	

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 2000	2 2001	3 2002	4 2003	5 2004
1.	Prior					
2.	2000	N O N E				
3.	2001					
4.	2002					
5.	2003					
6.	2004	X X X	X X X	X X X	X X X	

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2000				N O N E						
2.	2001										
3.	2002										
4.	2003										
5.	2004										

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9	10	11	12
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
POLICY RESERVE												
1. Unearned premium reserves												
2. Additional policy reserves (a)	10,826,641							10,826,641				
3. Reserve for future contingent benefits												
4. Reserve for rate credits or experience rating refunds (including \$.....) for investment income												
5. Aggregate write-ins for other policy reserves												
6. Totals (gross)	10,826,641							10,826,641				
7. Reinsurance ceded												
8. Totals (Net) (Page 3, Line 4)	10,826,641							10,826,641				
CLAIM RESERVE												
9. Present value of amounts not yet due on claims												
10. Reserve for future contingent benefits												
11. Aggregate write-ins for other claim reserves												
12. Totals (gross)												
13. Reinsurance ceded												
14. Totals (Net) (Page 3, Line 7)												
DETAILS OF WRITE-INS												
0501												
0502												
0503												
0598. Summary of remaining write-ins for Line 5 from overflow page												
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)												
1101												
1102												
1103												
1198. Summary of remaining write-ins for Line 11 from overflow page												
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)												

(a) Includes \$..... premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

		Claim Adjustment Expenses		3	4	5
		1	2			
		Cost Containment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1.	Rent (\$..... for occupancy of own building) .....	.....	.....	485,066	.....	485,066
2.	Salaries, wages and other benefits	2,354,613	1,810,924	4,170,480	.....	8,336,017
3.	Commissions (less \$..... ceded plus \$..... assumed) .....	.....	.....	.....	.....	.....
4.	Legal fees and expenses .....	.....	.....	766,117	.....	766,117
5.	Certifications and accreditation fees .....	.....	.....	.....	.....	.....
6.	Auditing, actuarial and other consulting services	118,629	18,455	507,901	.....	644,986
7.	Traveling expenses	22,747	2,944	58,645	.....	84,336
8.	Marketing and advertising	110	.....	17,253	.....	17,363
9.	Postage, express and telephone	3,421	645,392	99,746	.....	748,558
10.	Printing and office supplies	8,536	125,065	440,791	.....	574,392
11.	Occupancy, depreciation and amortization .....	.....	.....	847,432	.....	847,432
12.	Equipment	295	174	99,389	.....	99,858
13.	Cost or depreciation of EDP equipment and software .....	.....	.....	.....	.....	.....
14.	Outsourced services including EDP, claims, and other services	55,718	359,667	366,182	.....	781,567
15.	Boards, bureaus and association fees	12,389	.....	157,741	.....	170,130
16.	Insurance, except on real estate .....	.....	.....	414,930	.....	414,930
17.	Collection and bank service charges .....	.....	1,859	2,564	.....	4,423
18.	Group service and administration fees .....	.....	.....	.....	.....	.....
19.	Reimbursements by uninsured accident and health plans .....	.....	.....	.....	.....	.....
20.	Reimbursements from fiscal intermediaries .....	.....	.....	.....	.....	.....
21.	Real estate expenses .....	.....	.....	.....	.....	.....
22.	Real estate taxes .....	.....	.....	.....	.....	.....
23.	Taxes, licenses and fees:	.....	.....	.....	.....	.....
23.1	State and local insurance taxes .....	.....	.....	.....	.....	.....
23.2	State premium taxes .....	.....	.....	413,846	.....	413,846
23.3	Regulator authority licenses and fees .....	.....	.....	.....	.....	.....
23.4	Payroll taxes	159,628	128,584	275,410	.....	563,622
23.5	Other (excluding federal income and real estate taxes) .....	.....	.....	139,083	77,360	216,443
24.	Investment expenses not included elsewhere .....	.....	.....	.....	.....	.....
25.	Aggregate write-ins for expenses	(2,736,086)	(3,093,064)	(9,262,576)	.....	(15,091,726)
26.	Total expenses incurred (Lines 1 to 25)	0	0	1	77,360	(a) 77,360
27.	Less expenses unpaid December 31, current year .....	.....	30,000	12,817,399	.....	12,847,399
28.	Add expenses unpaid December 31, prior year .....	.....	11,290	11,498,675	.....	11,509,965
29.	Amounts receivable relating to uninsured accident and health plans, prior year .....	.....	.....	.....	.....	.....
30.	Amounts receivable relating to uninsured accident and health plans, current year .....	.....	.....	.....	.....	.....
31.	Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30) ..	0	(18,710)	(1,318,723)	77,360	(1,260,074)
DETAILS OF WRITE-INS						
2501.	Property & Franchise Taxes .....	.....	.....	.....	.....	.....
2502.	Dues/Fees/Licenses	2,956	21	230,327	.....	233,305
2503.	Computer Supplies .....	.....	.....	.....	.....	.....
2598.	Summary of remaining write-ins for Line 25 from overflow page	(2,739,043)	(3,093,085)	(9,492,904)	.....	(15,325,031)
2599.	Totals (Lines 2501 through 2503 + 2598)(Line 25 above)	(2,736,086)	(3,093,064)	(9,262,576)	.....	(15,091,726)

(a) Includes management fees of \$..... to affiliates and \$..... to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a)..... 1,195,780	..... 1,409,097
1.1	Bonds exempt from U.S. tax	(a).....	.....
1.2	Other bonds (unaffiliated)	(a)..... 665,882	..... 852,458
1.3	Bonds of affiliates	(a).....	.....
2.1	Preferred stocks (unaffiliated)	(b).....	.....
2.11	Preferred stocks of affiliates	(b).....	.....
2.2	Common stocks (unaffiliated) .....	.....	.....
2.21	Common stocks of affiliates .....	.....	.....
3.	Mortgage loans	(c).....	.....
4.	Real estate	(d).....	.....
5.	Contract loans .....	.....	.....
6.	Cash, cash equivalents and short-term investments	(e)..... 47,803	..... 47,803
7.	Derivative instruments	(f).....	.....
8.	Other invested assets .....	.....	.....
9.	Aggregate write-ins for investment income .....	.....	.....
10.	Total gross investment income .....	..... 1,909,465	..... 2,309,358
11.	Investment expenses		(g)..... 77,360
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g).....
13.	Interest expense		(h).....
14.	Depreciation on real estate and other invested assets		(i).....
15.	Aggregate write-ins for deductions from investment income .....		.....
16.	Total deductions (Lines 11 through 15) .....		..... 77,360
17.	Net Investment income (Line 10 minus Line 16) .....		..... 2,231,998
DETAILS OF WRITE-INS			
0901	.....	.....	.....
0902	.....	.....	.....
0903	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....	.....
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) .....	.....	.....
1501	.....	.....	.....
1502	.....	.....	.....
1503	.....	.....	.....
1598.	Summary of remaining write-ins for Line 15 from overflow page .....	.....	.....
1599.	TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above) .....	.....	.....
(a) Includes \$.....33,707 accrual of discount less \$.....494,581 amortization of premium and less \$.....290,144 paid for accrued interest on purchases.			
(b) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued dividends on purchases.			
(c) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.			
(d) Includes \$..... for company's occupancy of its own buildings; and excluding \$..... interest on encumbrances.			
(e) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.			
(f) Includes \$..... accrual of discount less \$..... amortization of premium.			
(g) Includes \$.....77,360 investment expenses and \$..... investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.			
(h) Includes \$..... interest on surplus notes and \$..... interest on capital notes.			
(i) Includes \$..... depreciation on real estate and \$..... depreciation on other invested assets.			

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4
		Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Increases (Decreases) by Adjustment	Total
1.	U.S. Government bonds .....	..... 163,535	.....	.....	..... 163,535
1.1	Bonds exempt from U.S. tax .....	.....	.....	.....	.....
1.2	Other bonds (unaffiliated) .....	..... (9,862)	.....	.....	..... (9,862)
1.3	Bonds of affiliates .....	.....	.....	.....	.....
2.1	Preferred stocks (unaffiliated) .....	.....	.....	.....	.....
2.11	Preferred stocks of affiliates .....	.....	.....	.....	.....
2.2	Common stocks (unaffiliated) .....	.....	.....	.....	.....
2.21	Common stocks of affiliates .....	.....	.....	.....	.....
3.	Mortgage loans .....	.....	.....	.....	.....
4.	Real estate .....	.....	.....	.....	.....
5.	Contract loans .....	.....	.....	.....	.....
6.	Cash, cash equivalents and short-term investments .....	.....	.....	.....	.....
7.	Derivative instruments .....	.....	.....	.....	.....
8.	Other invested assets .....	.....	.....	.....	.....
9.	Aggregate write-ins for capital gains (losses) .....	.....	.....	.....	.....
10.	Total capital gains (losses) .....	..... 153,673	.....	.....	..... 153,673
DETAILS OF WRITE-INS					
0901	.....	.....	.....	.....	.....
0902	.....	.....	.....	.....	.....
0903	.....	.....	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....	.....	.....	.....
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) .....	.....	.....	.....	.....

EXHIBIT OF NONADMITTED ASSETS

		1	2	3
		Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1.	Bonds (Schedule D)			
2.	Stocks (Schedule D):			
2.1	Preferred stocks			
2.2	Common stocks			
3.	Mortgage loans on real estate (Schedule B):			
3.1	First liens			
3.2	Other than first liens			
4.	Real estate (Schedule A):			
4.1	Properties occupied by the company			
4.2	Properties occupied by the production of income			
4.3	Properties held for sale			
5.	Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6.	Contract loans			
7.	Other invested assets (Schedule BA)			
8.	Receivable for securities			
9.	Aggregate write-ins for invested assets			
10.	Subtotals, cash and invested assets (Lines 1 to 9)			
11.	Invested income due and accrued			
12.	Premium and considerations:			
12.1	Uncollected premiums and agents' balances in the course of collection			
12.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due			
12.3	Accrued retrospective premiums			
13.	Reinsurance:			
13.1	Amounts recoverable from reinsurers			
13.2	Funds held by or deposited with reinsured companies			
13.3	Other amounts receivable under reinsurance contracts			
14.	Amounts receivable relating to uninsured plans			
15.1	Current federal and foreign income tax recoverable and interest thereon			
15.2	Net deferred tax asset			
16.	Guaranty funds receivable or on deposit			
17.	Electronic data processing equipment and software			
18.	Furniture and equipment, including health care delivery assets			
19.	Net adjustment in assets and liabilities due to foreign exchange rates			
20.	Receivable from parent, subsidiaries and affiliates	85,384	36,464	(48,920)
21.	Health care and other amounts receivable			
22.	Other assets nonadmitted			
23.	Aggregate write-ins for other than invested assets			
24.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	85,384	36,464	(48,920)
25.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26.	Total (Lines 24 and 25)	85,384	36,464	(48,920)
DETAILS OF WRITE-INS				
0901	.....		
0902	.....		
0903	.....		
0998.	Summary of remaining write-ins for Line 9 from overflow page			
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)			
2301	.....		
2302	.....		
2303	.....		
2398.	Summary of remaining write-ins for Line 23 from overflow page			
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)			

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment		Total Members at End of					6
		1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1.	Health Maintenance Organizations	131,008	132,692	131,299	132,062	131,264	1,585,507
2.	Provider Service Organizations						
3.	Preferred Provider Organizations						
4.	Point of Service						
5.	Indemnity Only						
6.	Aggregate write-ins for other lines of business						
7.	TOTAL	131,008	132,692	131,299	132,062	131,264	1,585,507
DETAILS OF WRITE-INS							
0601	.....					
0602	.....					
0603	.....					
0698.	Summary of remaining write-ins for Line 6 from overflow page						
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)						

18 Exhibit 2 - Accident and Health Premiums NONE

19 Exhibit 3 - Health Care Receivables NONE

EXHIBIT 4 - CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)
Aging Analysis of Unpaid Claims

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 Days	6 Over 120 Days	7 Total
Individually Listed Claims Unpaid						
PHPT Medical Claims					419	419
0199999 Total - Individually Listed Claims Unpaid					419	419
0299999 Aggregate Accounts Not Individually Listed - Uncovered						
0399999 Aggregate Accounts Not Individually Listed - Covered						
0499999 Subtotals					419	419
0599999 Unreported claims and other claim reserves						999,581
0699999 Total Amounts Withheld						
0799999 Total Claims Unpaid						1,000,000
0899999 Accrued Medical Incentive Pool and Bonus Amounts						

EXHIBIT 5 - AMOUNTS DUE FROM PARENT, SUBSIDIARIES AND AFFILIATES

1 Name of Affiliate	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 Over 90 Days	6 Nonadmitted	Admitted	
						7 Current	8 Non-Current
Individually listed receivables							
Preferred Health Partnership Companies, Inc - Corp Rec	1,348,750	3,297,974	25,783	48,921	48,922	1,348,750	3,323,758
Preferred Health Partnership Inc. - I/C FIT Rec				36,464	36,464		
0199999 Total - Individually listed receivables	1,348,750	3,297,974	25,783	85,384	85,386	1,348,750	3,323,758
0299999 Receivables not inidividually listed							
0399999 Total gross amounts receivable	1,348,750	3,297,974	25,783	85,384	85,386	1,348,750	3,323,758

EXHIBIT 6 - AMOUNTS DUE TO PARENT, SUBSIDIARIES AND AFFILIATES

1 Affiliate	2 Description	3 Amount	4 Current	5 Non-Current
	<div>NONE</div>			
0399999 Total gross payables .....	..... X X X .....	.....	.....	.....

EXHIBIT 7 - PART 1 - SUMMARY OF TRANSACTIONS WITH PROVIDERS

		1	2	3	4	5	6
Payment Method		Direct Medical Expense Payment	Column 1 as a % of Total	Total Members Covered	Column 3 as a % of Total	Column 1 Expenses Paid to Affiliated Providers	Column 1 Expenses Paid to Non-Affiliated Providers
Capitation Payments:							
1.	Medical groups						
2.	Intermediaries						
3.	All other providers						
4.	Total capitation payments						
Other Payments:							
5.	Fee-for-service			X X X	X X X		
6.	Contractual fee payments	(445,110)	100.000	X X X	X X X	25,154	(470,264)
7.	Bonus/withhold arrangements - fee-for-service			X X X	X X X		
8.	Bonus/withhold arrangements - contractual fee payments			X X X	X X X		
9.	Non-contingent salaries			X X X	X X X		
10.	Aggregate cost arrangements			X X X	X X X		
11.	All other payments			X X X	X X X		
12.	Total other payments	(445,110)	100.000	X X X	X X X	25,154	(470,264)
13.	Total (Line 4 plus Line 12)	(445,110)	100.000	X X X	X X X	25,154	(470,264)

EXHIBIT 7 - PART 2 - SUMMARY OF TRANSACTIONS WITH INTERMEDIARIES

1	2	3	4	5	6
NAIC Code	Name of Intermediary	Capitation Paid	Average Monthly Capitation	Intermediary's Total Adjusted Capital	Intermediary's Authorized Control Level RBC
NONE					
9999999			X X X	X X X	X X X

EXHIBIT 8 - FURNITURE, EQUIPMENT AND SUPPLIES OWNED

		1	2	3	4	5	6
Description		Cost	Improvements	Accumulated Depreciation	Book Value Less Encumbrances	Assets Not Admitted	Net Admitted Assets
1.	Administrative furniture and equipment .....	.....	.....	.....	.....	.....	.....
2.	Medical furniture, equipment and fixtures	N O N E		.....	.....	.....	.....
3.	Pharmaceuticals and surgical supplies .....			.....	.....	.....	.....
4.	Durable medical equipment .....			.....	.....	.....	.....
5.	Other property and equipment .....			.....	.....	.....	.....
6.	Total .....	.....	.....	.....	.....	.....	.....

Notes to Financial Statement

1. Summary of Significant Accounting Poicies

A. Accounting Practices

The financial statements of Preferred Health Partnership of Tennessee, Inc. are presented on the basis of accounting practices prescribed or permitted by the NAIC Accounting Practices and Procedures manual and the state of Tennessee Department of Commerce and Insurance.

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with the Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

The plan does not receive pemiums from the State; the plan does receive a monthly capitation check to pay for the claims and administrative expenses of the company. This capitation revenue is recognized as income in the period it is received, as it exceeds administrative expenses by direction of the TennCare Bureau. Expenses incurred in connection with aquring new insurance business are charged to operations as incurred.

In addition, the company uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds are stated at amoritized cost using the straight-line method.
- (3) Common stock is stated at par.
- (4) Not applicable
- (5) Not applicable
- (6) Not applicable
- (7) Not applicable
- (8) Not applicable
- (9) Not applicable
- (10) Anticipated investment income is not a factor in the premium deficiency calculations.
- (11) Liabilities for losses and loss/claim adjustment expenses include an amount determined based on past experience for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods of making such estimates and for establishing the resulting liability is reviewed on a monthly basis and any adjustments are reflected in the period determined.
- (12) Not applicable

2. Accounting Changes and Corrections of Errors

- A. No errors or changes in accounting principles have occurred.
- B. The initial implementation of Codification did not change the company's financial statement basis.

3. Business Combinations and Goodwill

Not applicable

4. Discontinued Operations

Not applicable

5. Investments

Not applicable

6. Joint Ventures, Partnerships, and Limited Liability Companies

Not applicable

7. Investment Income

All investment income due and accrued was admitted.

8. Derivative Instruments

Not applicable

9. Income Taxes

- A.-E. Income tax calculations have not been completed at this time. This information will be provided on an amended statement.
- F. (1) The Plan's federal income tax return is consolidated with the following entities:
PHP Companies, Inc

Notes to Financial Statement

Preferred Health Partnership, Inc.
Cariten Health Plan, Inc.
Cariten Insurance Company

(2) Tax payments and the recoupment (in the event of future losses) of taxes paid pursuant to the tax allocation agreement are computed on a separate company basis as determined in accordance with the tax allocation agreement.

10. Information concerning Parent, Subsidiaries, and Affiliates

- A. The Plan is a wholly-owned subsidiary of PHP Companies, Inc., a holding company domiciled in the State of Tennessee. PHP Companies, Inc. is a wholly-owned subsidiary of Covenant Health, a non-profit organization domiciled in the State of Tennessee. The holding company group consist of the following companies: Preferred Health Partnership, Inc., Cariten Health Plan, Inc., Preferred Health Partnership of Tennessee, Inc., and Cariten Insurance Company.
- B. The Plan periodically transfers cash to the parent, PHP Companies, Inc., to reimburse for cost allocations and Plan expenses recorded on the Plan's behalf by the parent. The following amounts were transferred to the parent during 2004: (1) \$1,000,000 on 2/17/04 (2) \$1,000,000 on 3/5/04 (3) \$1,000,000 on 3/19/04 (4) \$1,000,000 on 3/25/04 (5) \$1,000,000 on 5/10/04 (6) \$1,000,000 on 6/11/04 (7) \$1,000,000 on 7/15/04 (8) \$1,000,000 on 7/23/04 (9) \$4,000,000 on 8/12/04 (10) \$1,000,000 on 10/18/04 (11) \$4,938,500 on 11/10/04 (12) \$1,725,000 on 12/23/04
- C. The Plan transferred \$19,663,500 to PHP Companies and PHP Companies transferred \$1,292,276 to the plan. Cost allocations received from the parent company totaled \$16,170,728. Plan expenses paid by the parent on behalf of the plan totaled \$0.
- D. As of December 31, 2004 the Plan has a receivable from PHP Companies, Inc. in the amount of \$4,721,428.45 and a receivable from Preferred Health Partnership, Inc. in the amount of \$36,463.60.
- E. Not applicable
- F. The parent company of the Plan accumulates operating costs and allocates these expenses monthly to the operating entities listed above. Allocations are based proportionally on the membership counts of the companies listed above with government program memberships doubled, due to higher administration costs.
- G-J. Not applicable

11. Debt

Not applicable

12. Retirement Plans, Deferred Compensation, Post employment benefits and Compensated Absences and Other Postretirement Benefit Plans.

Not applicable

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

- (1) The Plan has 1,000 shares of \$1 par common stock authorized and outstanding. All stock is owned by the parent company, PHP Companies, Inc.
- (2) Not applicable
- (3) No dividends are paid
- (4) Not applicable
- (5) No restrictions are placed on surplus.
- (6) Not applicable
- (7) No stock is held by the Company.
- (8) Not applicable
- (9) Surplus was reduced by \$85,384 due to nonadmitted assets.
- (10) Not applicable
- (11) Not applicable
- (12) Not applicable

14. Contingencies

Not applicable

15. Leases

Notes to Financial Statement

Not applicable

16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

Not applicable

17. Sales, Transfer and Servicing of Financial Assets and Extinguishment of Liabilities

Not applicable

18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

Not applicable

19. Direct Premium Written/Produced by Managing General Agents/Third Party Adminstrators

Not applicable

20. September 11 Events

Not applicable

21. Other Items

Not applicable

22. Events Subsequent

Not applicable

23. Reinsurance

Not applicable

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

Not applicable

25. Change in Incurred Claims and Claim Adjustment Expenses

The reserve for incurred claims is calculated based on a percentage of completion factor. This factor is determined based on actuarial projections of trends in service.

26. Intercompany Pooling Arrangements

Not applicable

27. Structured Settlements

Not applicable

28. Health Care Receivables

Not applicable

29. Participating Policies

Not applicable

30. Premium Deficiency Reserves

As of December 31, 2004, the Company had liabilities of \$10,826,641 related to premium deficiency reserves. The Company did not consider anticipated investment income when calculating its premium deficiency reserves.

31. Anticipated Salvage and Subrogation

Not applicable

SUMMARY INVESTMENT SCHEDULE

Investment Categories		Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
		1 Amount	2 Percentage	3 Amount	4 Percentage
1.	Bonds:				
1.1	U.S. treasury securities	4,368,473	7.462	4,368,473	7.462
1.2	U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21	Issued by U.S. government agencies	33,131,350	56.595	33,131,350	56.595
1.22	Issued by U.S. government sponsored agencies				
1.3	Foreign government (including Canada, excluding mortgage-backed securities)				
1.4	Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41	States, territories and possessions general obligations			1,000,000	1.708
1.42	Political subdivisions of states, territories and possessions and political subdivisions general obligations	1,000,000	1.708		
1.43	Revenue and assessment obligations				
1.44	Industrial development and similar obligations	20,000,106	34.164	20,000,106	34.164
1.5	Mortgage-backed securities (includes residential and commercial MBS):				
1.51	Pass-through securities:				
1.511	Issued or Guaranteed by GNMA				
1.512	Issued or Guaranteed by FNMA and FHLMC				
1.513	All other				
1.52	CMOs and REMICs:				
1.521	Issued or guaranteed by GNMA, FNMA or FHLMC or VA				
1.522	Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521				
1.523	All other				
2.	Other debt and other fixed income securities (excluding short term):				
2.1	Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)				
2.2	Unaffiliated foreign securities				
2.3	Affiliated securities				
3.	Equity interests:				
3.1	Investments in mutual funds				
3.2	Preferred stocks:				
3.21	Affiliated				
3.22	Unaffiliated				
3.3	Publicly traded equity securities (excluding preferred stocks):				
3.31	Affiliated				
3.32	Unaffiliated				
3.4	Other equity securities:				
3.41	Affiliated				
3.42	Unaffiliated				
3.5	Other equity interests including tangible personal property under lease:				
3.51	Affiliated				
3.52	Unaffiliated				
4.	Mortgage loans:				
4.1	Construction and land development				
4.2	Agricultural				
4.3	Single family residential properties				
4.4	Multifamily residential properties				
4.5	Commercial loans				
4.6	Mezzanine real estate loans				
5.	Real estate investments:				
5.1	Property occupied by company				
5.2	Property held for production of income (includes \$..... of property acquired in satisfaction of debt)				
5.3	Property held for sale (\$..... including property acquired in satisfaction of debt)				
6.	Policy loans				
7.	Receivables for securities				
8.	Cash, cash equivalents and short-term investments	40,995	0.070	40,995	0.070
9.	Other invested assets				
10.	Total invested assets	58,540,924	100.000	58,540,924	100.000

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes[X] No[]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes[X] No[] N/A[]
Tennessee
- 1.3 State Regulating?
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[] No[X]
- 2.2 If yes, date of change:
If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2000
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2000
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

12/12/2002
- 3.4 By what department or departments?
Tennessee Department of Commerce & Insurance - TennCare Division
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business?

Yes[] No[X]
- 4.12 renewals?

Yes[] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business?

Yes[] No[X]
- 4.22 renewals?

Yes[] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes[] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action either formal or informal, if a confidentiality clause is part of the agreement)

Yes[] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes[] No[X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control

 %
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1	2
Nationality	Type of Entity

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes[] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms?

Yes[] No[X]
- 8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e., the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC
		Yes[] No[X]	Yes[] No[X]	Yes[] No[X]	Yes[] No[X]	Yes[] No[X]

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Pershing, Yoakley, & Associates, One Perkins Place, 525 Portland St., Knoxville, TN 37919
10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Mark S. Alhanti, Towers Perrin, One Alliance Center, 3500 Lenox Road, Suite 900, Atlanta, GA 30326-4238
11. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 11.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 11.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes[] No[X]
- 11.3 Have there been any changes made to any of the trust indentures during the year?

Yes[] No[X]
- 11.4 If answer to (11.3) is yes, has the domiciliary or entry state approved the changes?

Yes[] No[] N/A[X]

BOARD OF DIRECTORS

12. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof?

Yes[X] No[]
13. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

Yes[X] No[]
14. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees which is in or is likely to conflict with the official duties of such person?

Yes[X] No[]

GENERAL INTERROGATORIES (Continued)
FINANCIAL

15.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

15.11 To directors or other officers

15.12 To stockholders not officers

15.13 Trustees, supreme or grand (Fraternal only)

\$
\$
\$

15.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):

15.21 To directors or other officers

15.22 To stockholders not officers

15.23 Trustees, supreme or grand (Fraternal only)

\$
\$
\$

16.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

Yes[] No[X]

16.2 If yes, state the amount thereof at December 31 of the current year:

16.21 Rented from others

16.22 Borrowed from others

16.23 Leased from others

16.24 Other

\$
\$
\$
\$

Disclose in Notes to Financial the nature of each obligation.

17.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes[] No[X]

17.2 If answer is yes:

17.21 Amount paid as losses or risk adjustment

17.22 Amount paid as expenses

17.23 Other amounts paid

\$
\$
\$

INVESTMENT

18. List the following capital stock information for the reporting entity:

	1	2	3	4	5	6
Class	Number of Shares Authorized	Number of Shares Outstanding	Par Value Per Share	Redemption Price If Callable	Is Dividend Rate Limited?	Are Dividends Cumulative?
1. Preferred	1,000,000	100,000	1.000		Yes[] No[] N/A[X]	Yes[] No[] N/A[X]
2. Common				X X X	X X X	X X X

19.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 3 - Special Deposits?

Yes[] No[X]

19.2 If no, give full and complete information, relating thereto:
Northern Trust, P.O. Box 75986, Chicago, IL 60675-5986

20.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on Schedule E - Part 3 - Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 16.1).

Yes[] No[X]

20.2 If yes, state the amount thereof at December 31 of the current year:

20.21 Loaned to others

20.22 Subject to repurchase agreements

20.23 Subject to reverse repurchase agreements

20.24 Subject to dollar repurchase agreements

20.25 Subject to reverse dollar repurchase agreements

20.26 Pledged as collateral

20.27 Placed under option agreements

20.28 Letter stock or securities restricted as to sale

20.29 Other

\$
\$
\$
\$
\$
\$
\$
\$
\$

20.3 For category (20.28) provide the following:

1	2	3
Nature of Restriction	Description	Amount
.....

21.1 Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes[] No[X]

21.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?
If no, attach a description with this statement.

Yes[] No[] N/A[X]

22.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes[] No[X]

22.2 If yes, state the amount thereof at December 31 of the current year.

\$.....

23. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 - General, Section IV.H - Custodial or Safekeeping agreements of the NAIC Financial Condition Examiners Handbook?

Yes[X] No[]

23.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1	2
Name of Custodian(s)	Custodian's Address
Northern Trust Company	PO Box 75986, Chicago, IL 60675-5986
First Tennessee Bank	Box 84 Safekeeping M-Level, Memphis, TN 38101

23.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

GENERAL INTERROGATORIES (Continued)

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
.....

23.03 Have there been any changes, including name changes, in the custodian(s) identified in 23.01 during the current year? Yes[] No[X]
23.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
.....

23.05 Identify all investment advisers, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
108718	Martin and Company	Two Centre Square, Suite 200 625 S. Gay St., Knoxville, TN 37902-1669

24.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b)(1)])? Yes[] No[X]
24.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
24.2999 Total

24.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
.....

25 Provide the following information for all short term and long term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over statement (+)
25.1 Bonds
25.2 Preferred stocks
25.3 Totals

25.4 Describe the sources of methods utilized in determining the fair values

26.1 Have all the filing requirements of the Purposes and Procedures manual of the NAIC Securities Valuation Office been followed? Yes[X] No[]
26.2 If no, list exceptions:

OTHER

27.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$..... 83,214
27.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid
Mercer Oliver Wyman Consulting .....	..... 83,214

28.1 Amount of payments for legal expenses, if any? \$..... 243,225
28.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

GENERAL INTERROGATORIES (Continued)

1 Name	2 Amount Paid
Wagner, Myers & Sanger, PC	192,844

29.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? \$. 20,477

29.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies officers or department of government during the period covered by this statement.

1 Name	2 Amount Paid
McMahan, Mckenzie & Winstead	20,477

GENERAL INTERROGATORIES (continued)

PART 2 - HEALTH INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes[] No[X]
- 1.2 If yes, indicate premium earned on U.S. business only:

\$
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$
- 1.31 Reason for excluding:

\$
- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance.

\$
- 1.6 Individual policies - Most current three years:

\$
- 1.61 Total premium earned

\$
- 1.62 Total incurred claims

\$
- 1.63 Number of covered lives

\$
- All years prior to most current three years:

\$
- 1.64 Total premium earned

\$
- 1.65 Total incurred claims

\$
- 1.66 Number of covered lives

\$
- 1.7 Group policies - Most current three years:

\$
- 1.71 Total premium earned

\$
- 1.72 Total incurred claims

\$
- 1.73 Number of covered lives

\$
- All years prior to most current three years:

\$
- 1.74 Total premium earned

\$
- 1.75 Total incurred claims

\$
- 1.76 Number of covered lives

\$

2. Health Test

		1	2
		Current Year	Prior Year
2.1	Premium Numerator .....	.....	195,632
2.2	Premium Denominator .....	.....	195,632
2.3	Premium Ratio (2.1 / 2.2) .....	.....	1.000
2.4	Reserve Numerator	1,000,000	1,421,510
2.5	Reserve Denominator	1,000,000	1,421,510
2.6	Reserve Ratio (2.4 / 2.5)	1.000	1.000

- 3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes[] No[X]
- 3.2 If yes, give particulars:
- 4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and departments been filed with the appropriate regulatory agency?

Yes[X] No[]
- 4.2 If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes[] No[X]
- 5.1 Does the reporting entity have stop-loss reinsurance?

Yes[] No[X]
- 5.2 If no, explain:
- 5.3 Maximum retained risk (see instructions):
- 5.31 Comprehensive Medical

\$
- 5.32 Medical Only

\$
- 5.33 Medicare Supplement

\$
- 5.34 Dental

\$
- 5.35 Other Limited Benefit Plan

\$
- 5.36 Other

\$
6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
All provider agreements contain an insolvency clause which states that the provider agrees that in no event, including insolvency, shall the provider bill, charge, solicit, collect a deposit from, seek compensation, remuneration, or reimbursement from, or have any recourse against beneficiaries or persons other than Preferred Health Partnership of TN for contracted services provided pursuant to the agreement.
- 7.1 Does the reporting entity set up its claim liability for provider services on a service data base?

Yes[X] No[]
- 7.2 If no, give details:
8. Provide the following information regarding participating providers:
- 8.1 Number of providers at start of reporting year

4570
- 8.2 Number of providers at end of reporting year

4688
- 9.1 Does the reporting entity have business subject to premium rate guarantees?

Yes[] No[X]
- 9.2 If yes, direct premium earned:
- 9.21 Business with rate guarantees between 15-36 months

0
- 9.22 Business with rate guarantees over 36 months

0
- 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

Yes[] No[X]
- 10.2 If yes:
- 10.21 Maximum amount payable bonuses

\$
- 10.22 Amount actually paid for year bonuses

\$
- 10.23 Maximum amount payable withholds

\$
- 10.24 Amount actually paid for year withholds

\$
- 11.1 Is the reporting entity organized as:
- 11.12 A medical Group/Staff Model,

Yes[] No[X]
- 11.13 An Individual Practice Association (IPA), or,

Yes[] No[X]
- 11.14 A Mixed Model (combination of above)?

Yes[] No[X]
- 11.2 Is the reporting entity subject to Minimum Net Worth Requirements?

Yes[X] No[]
- 11.3 If yes, show the name of the state requiring such net worth.
Tennessee
- 11.4 If yes, show the amount required.

\$ 7,338,566
- 11.5 Is this amount included as part of a contingency reserve in stockholder's equity?

Yes[] No[X]
- 11.6 If the amount is calculated, show the calculation.
Based on total premium of \$239,237,748.14 (\$150,000,000 x 4.00% = \$6,000,000 plus \$89,237,748.14 x 1.50% = \$1,338,566.22)

GENERAL INTERROGATORIES (Continued)

12. List service areas in which the reporting entity is licensed to operate:

1
Name of Service Area
Hamilton CSA
East TN CSA
Southeast CSA
Knox CSA
First Tennessee CSA

FIVE-YEAR HISTORICAL DATA

	1 2004	2 2003	3 2002	4 2001	5 2000
BALANCE SHEET ITEMS (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26)	64,166,478	59,027,669	77,801,546	90,186,766	73,557,852
2. Total liabilities (Page 3, Line 22)	38,811,685	37,841,106	62,390,090	71,904,218	61,261,570
3. Statutory surplus	7,338,566	7,694,827	7,051,698	6,821,720	6,084,083
4. Total capital and surplus (Page 3, Line 30)	25,354,793	21,186,563	17,929,640	18,282,548	12,296,282
INCOME STATEMENT ITEMS (Page 4)					
5. Total revenues (Line 8)	964,860	1,444,871	109,977,814	206,607,052	155,928,088
6. Total medical and hospital expenses (Line 18)	(866,620)	549,176	84,622,772	188,217,010	143,043,923
7. Claims adjustment expenses (Line 20)					
8. Total administrative expenses (Line 21)			25,094,419	19,930,506	13,399,441
9. Net underwriting gain (loss) (Line 24)	1,831,480	895,695	(5,012,557)	(6,876,106)	(6,347,020)
10. Net investment gain (loss) (Line 27)	2,385,671	3,614,841	4,659,647	4,802,118	4,093,226
11. Total other income (Lines 28 plus 29)					
12. Net income or (loss) (Line 32)	4,217,151	3,214,571	(352,910)	(2,073,988)	(2,253,794)
RISK-BASED CAPITAL ANALYSIS					
13. Total adjusted capital	25,354,793	21,186,563	17,929,640	18,282,548	12,296,282
14. Authorized control level risk-based capital	145,801	762,662	4,409,803	8,998,561	7,165,587
ENROLLMENT (Exhibit 1)					
15. Total members at end of period (Column 5, Line 7)	131,264	131,008	131,280	117,787	97,816
16. Total members months (Column 6, Line 7)	1,585,507	1,576,120	1,411,276	1,314,549	1,079,839
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5)x 100.0					
17. Premiums earned (Lines 2 plus 3)	100.0	100.0	100.0	100.0	100.0
18. Total hospital and medical (Line 18)		281	77	92	92
19. Cost containment expenses		X X X	X X X	X X X	X X X
20. Other claims adjustment expenses					
21. Total underwriting deductions (Line 23)		281	105	104	104
22. Total underwriting gain (loss) (Line 24)		458	(5)	(3)	(4)
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
23. Total claims incurred for prior years (Line 12, Column 5)	554,890	3,665,953	18,765,463	18,207,081	20,191,866
24. Estimated liability of unpaid claims-[prior year (Line 12, Column 6)]	1,421,510	3,116,777	30,879,480	27,962,312	10,756,759
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
25. Affiliated bonds (Sch. D Summary, Line 25, Column 1)					
26. Affiliated preferred stocks (Sch. D Summary, Line 39, Column 1) ...					
27. Affiliated common stocks (Sch. D Summary, Line 53, Column 2) ...					
28. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Column 5, Line 11)					
29. Affiliated mortgage loans on real estate					
30. All other affiliated					
31. Total of above Lines 25 to 30					



EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)

NAIC Group Code 1253

REPORT FOR: 1. CORPORATION: 2. DIVISION:
BUSINESS IN THE STATE OF **TENNESSEE** DURING THE YEAR

NAIC Company Code 95749

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10	11	12	13
		2	3										
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
Total Members at end of:													
1. Prior Year	131,008								131,008				
2. First Quarter	132,692								132,692				
3. Second Quarter	131,299								131,299				
4. Third Quarter	132,062								132,062				
5. Current Year	131,264								131,264				
6. Current Year Member Months	1,585,507								1,585,507				
Total Member Ambulatory Encounters for Year:													
7. Physician	1,117,957								1,117,957				
8. Non-Physician	547,071								547,071				
9. Total	1,665,028								1,665,028				
10. Hospital Patient Days Incurred	47,341								47,341				
11. Number of Inpatient Admissions	12,877								12,877				
12. Health Premiums Written													
13. Life Premiums Direct													
14. Property/Casualty Premiums Written													
15. Health Premiums Earned													
16. Property/Casualty Premiums Earned													
17. Amount Paid for Provision of Health Care Services	(445,110)								(445,110)				
18. Amount Incurred for Provision of Health Care Services	(866,620)								(866,620)				

(a) For health business: number of persons insured under PPO managed care products and number of persons insured under indemnity only products



EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)

NAIC Group Code 1253

REPORT FOR: 1. CORPORATION: 2. DIVISION:
BUSINESS IN THE STATE OF **GRAND TOTAL** DURING THE YEAR

NAIC Company Code 95749

30 Grand Total

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10	11	12	13
		2	3				Federal Employees Health Benefit Plan						
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only		Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
Total Members at end of:													
1. Prior Year	131,008								131,008				
2. First Quarter	132,692								132,692				
3. Second Quarter	131,299								131,299				
4. Third Quarter	132,062								132,062				
5. Current Year	131,264								131,264				
6. Current Year Member Months	1,585,507								1,585,507				
Total Member Ambulatory Encounters for Year:													
7. Physician	1,117,957								1,117,957				
8. Non-Physician	547,071								547,071				
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10. Hospital Patient Days Incurred	47,341								47,341				
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12. Health Premiums Written													
13. Life Premiums Direct													
14. Property/Casualty Premiums Written													
15. Health Premiums Earned													
16. Property/Casualty Premiums Earned													
17. Amount Paid for Provision of Health Care Services	(445,110)								(445,110)				
18. Amount Incurred for Provision of Health Care Services	(866,620)								(866,620)				

(a) For health business: number of persons insured under PPO managed care products and number of persons insured under indemnity only products

SCHEDULE A - VERIFICATION BETWEEN YEARS

1.	Book/adjusted carrying value, December 31, prior year (prior year statement)	
2.	Increase (decrease) by adjustment:	
2.1	Totals, Part 1, Column 11	
2.2	Totals, Part 3, Column 7	
3.	Cost of acquired, (Totals, Part 2, Column 6, net of encumbrances (Column 7) and net of additions and permanent improvements (Column 9))	
4.	Cost of additions and permanent improvements:	
4.1	Totals, Part 1, Column 14	
4.2	Totals, Part 3, Column 9	
5.	Total profit (loss) on sales, Part 3, Column 14	
6.	Increase (decrease) by foreign exchange adjustment	
6.1	Totals, Part 1, Column 12	
6.2	Totals, Part 3, Column 8	
7.	Amounts received on sales, Part 3, Column 11 and Part 1, Column 13	
8.	Book/adjusted carrying value at the end of current period	
9.	Total valuation allowance	
10.	Subtotal (Lines 8 plus 9)	
11.	Total nonadmitted amounts	
12.	Statement value, current period (Page 2, real estate lines, Net Admitted Assets column)	

SCHEDULE B - VERIFICATION BETWEEN YEARS

1.	Book value/recorded investment excluding accrued interest of mortgages owned, December 31 of prior year	
2.	Amount loaned during year:	
2.1	Actual cost at time of acquisitions	
2.2	Additional investment made after acquisitions	
3.	Accrual of discount and mortgage interest points and commitment fees	
4.	Increase (decrease) by adjustment	
5.	Total profit (loss) on sale	
6.	Amounts paid on account or in full during the year	
7.	Amortization of premium	
8.	Increase (decrease) by foreign exchange adjustment	
9.	Book value/recorded investment excluding accrued interest on mortgages owned at end of current period	
10.	Total valuation allowance	
11.	Subtotal (Lines 9 plus 10)	
12.	Total nonadmitted amounts	
13.	Statement value of mortgages owned at end of current period (Page 2,mortgage lines, Net Admitted Assets column)	

SCHEDULE BA - VERIFICATION BETWEEN YEARS

1.	Book/adjusted carrying value of long-term invested assets owned, December 31 of prior year	
2.	Cost of acquisitions during year:	
2.1	Actual cost at time of acquisitions	
2.2	Additional investment made after acquisitions	
3.	Accrual of discount	
4.	Increase (decrease) by adjustment	
5.	Total profit (loss) on sale	
6.	Amounts paid on account or in full during the year	
7.	Amortization of premium	
8.	Increase (decrease) by foreign exchange adjustment	
9.	Book/adjusted carrying value of long-term invested assets at end of current period	
10.	Total valuation allowance	
11.	Subtotal (Lines 9 plus 10)	
12.	Total nonadmitted amounts	
13.	Statement value of long-term invested assets at end of current period (Page 2, Line 7, Column 3)	

SCHEDULE D - SUMMARY BY COUNTRY
Long-term Bonds and Stocks OWNED December 31 of Current Year

Description			1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS Governments (Including all obligations guaranteed by governments)	1.	United States	37,499,823	37,474,044	38,047,999	36,929,173
	2.	Canada				
	3.	Other Countries				
	4.	Totals	37,499,823	37,474,044	38,047,999	36,929,173
States, Territories and Possessions (Direct and Guaranteed)	5.	United States				
	6.	Canada				
	7.	Other Countries				
	8.	Totals				
Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)	9.	United States	1,000,000	1,044,310	1,000,000	1,000,000
	10.	Canada				
	11.	Other Countries				
	12.	Totals	1,000,000	1,044,310	1,000,000	1,000,000
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13.	United States				
	14.	Canada				
	15.	Other Countries				
	16.	Totals				
Public Utilities (unaffiliated)	17.	United States				
	18.	Canada				
	19.	Other Countries				
	20.	Totals				
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21.	United States	20,000,106	20,610,657	20,203,903	19,390,000
	22.	Canada				
	23.	Other Countries				
	24.	Totals	20,000,106	20,610,657	20,203,903	19,390,000
Parent, Subsidiaries and Affiliates	25.	Totals				
	26.	Total Bonds	58,499,929	59,129,010	59,251,901	57,319,173
PREFERRED STOCKS Public Utilities (unaffiliated)	27.	United States				
	28.	Canada				
	29.	Other Countries				
	30.	Totals				
Banks, Trust and Insurance Companies (unaffiliated)	31.	United States				
	32.	Canada				
	33.	Other Countries				
	34.	Totals				
Industrial and Miscellaneous (unaffiliated)	35.	United States				
	36.	Canada				
	37.	Other Countries				
	38.	Totals				
Parent, Subsidiaries and Affiliates	39.	Totals				
	40.	Total Preferred Stocks				
COMMON STOCKS Public Utilities (unaffiliated)	41.	United States				
	42.	Canada				
	43.	Other Countries				
	44.	Totals				
Banks, Trust and Insurance Companies (unaffiliated)	45.	United States				
	46.	Canada				
	47.	Other Countries				
	48.	Totals				
Industrial and Miscellaneous (unaffiliated)	49.	United States				
	50.	Canada				
	51.	Other Countries				
	52.	Totals				
Parent, Subsidiaries and Affiliates	53.	Totals				
	54.	Total Common Stocks				
	55.	Total Stocks				
	56.	Total Bonds and Stocks	58,499,929	59,129,010	59,251,901	

SCHEDULE D - Verification Between Years

1. Book/adjusted carrying value of bonds and stocks, prior year ..	<u>47,651,742</u>	6. Foreign Exchange Adjustment:	
2. Cost of bonds and stocks acquired, Column 7, Part 3	<u>30,169,646</u>	6.1 Column 15, Part 1	
3. Increase (decrease) by adjustment:		6.2 Column 19, Part 2, Section 1	
3.1 Columns 12 + 13 - 14, Part 1	<u>(394,992)</u>	6.3 Column 16, Part 2, Section 2	
3.2 Column 18, Part 2, Section 1		6.4 Column 15, Part 4	
3.3 Column 15, Part 2, Section 2		7. Book/adjusted carrying value at end of current period	<u>58,499,929</u>
3.4 Column 14, Part 4	<u>(65,882)</u>	8. Total valuation allowance	
4. Total gain (loss), Column 19, Part 4	<u>153,673</u>	9. Subtotal (Lines 7 plus 8)	<u>58,499,929</u>
5. Deduct consideration for bonds and stocks disposed of		10. Total nonadmitted assets	
Column 7, Part 4	<u>19,014,257</u>	11. Statement value of bonds and stocks, current period	<u>58,499,929</u>

SCHEDULE D - PART 1A - SECTION 1

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating Per the NAIC Designation		1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
1.	U.S. Government, Schedules D & DA (Group 1)											
1.1	Class 1	9,185,956	22,539,812	5,774,055			37,499,823	64.10	30,400,216	63.80	37,499,823	
1.2	Class 2											
1.3	Class 3											
1.4	Class 4											
1.5	Class 5											
1.6	Class 6											
1.7	TOTALS	9,185,956	22,539,812	5,774,055			37,499,823	64.10	30,400,216	63.80	37,499,823	
2.	All Other Governments, Schedules D & DA (Group 2)											
2.1	Class 1											
2.2	Class 2											
2.3	Class 3											
2.4	Class 4											
2.5	Class 5											
2.6	Class 6											
2.7	TOTALS											
3.	States, Territories and Possessions etc., Guaranteed, Schedules D & DA (Group 3)											
3.1	Class 1											
3.2	Class 2											
3.3	Class 3											
3.4	Class 4											
3.5	Class 5											
3.6	Class 6											
3.7	TOTALS											
4.	Political Subdivisions of States, Territories & Possessions, Guaranteed, Schedules D & DA (Group 4)											
4.1	Class 1											
4.2	Class 2			1,000,000			1,000,000	1.71	1,000,000	2.10	1,000,000	
4.3	Class 3											
4.4	Class 4											
4.5	Class 5											
4.6	Class 6											
4.7	TOTALS			1,000,000			1,000,000	1.71	1,000,000	2.10	1,000,000	
5.	Special Revenue & Special Assessment Obligations etc., Non-Guaranteed, Schedules D & DA (Group 5)											
5.1	Class 1											
5.2	Class 2											
5.3	Class 3											
5.4	Class 4											
5.5	Class 5											
5.6	Class 6											
5.7	TOTALS											

SCHEDULE D - PART 1A - SECTION 1 (continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating Per the NAIC Designation		1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
6.	Public Utilities (Unaffiliated), Schedules D & DA (Group 6)											
6.1	Class 1											
6.2	Class 2											
6.3	Class 3											
6.4	Class 4											
6.5	Class 5											
6.6	Class 6											
6.7	TOTALS											
7.	Industrial & Miscellaneous (Unaffiliated), Schedules D & DA (Group 7)											
7.1	Class 1	853,280	6,417,521	8,171,709			15,442,509	26.40	13,179,241	27.66	15,442,509	
7.2	Class 2	782,707	1,563,919	1,562,453	648,517		4,557,597	7.79	3,072,275	6.45	4,557,597	
7.3	Class 3											
7.4	Class 4											
7.5	Class 5											
7.6	Class 6											
7.7	TOTALS	1,635,987	7,981,440	9,734,162	648,517		20,000,106	34.19	16,251,516	34.10	20,000,106	
8.	Credit Tenant Loans, Schedules D & DA (Group 8)											
8.1	Class 1											
8.2	Class 2											
8.3	Class 3											
8.4	Class 4											
8.5	Class 5											
8.6	Class 6											
8.7	TOTALS											
9.	Parent, Subsidiaries and Affiliates, Schedules D & DA (Group 9)											
9.1	Class 1											
9.2	Class 2											
9.3	Class 3											
9.4	Class 4											
9.5	Class 5											
9.6	Class 6											
9.7	TOTALS											

SCHEDULE D - PART 1A - SECTION 1 (continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values By Major Types of Issues and NAIC Designations

Quality Rating Per the NAIC Designation		1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
10. Total Bonds Current Year												
10.1	Class 1	10,039,235	28,957,333	13,945,764			52,942,332	90.50	X X X	X X X	52,942,332	
10.2	Class 2	782,707	1,563,919	2,562,453	648,517		5,557,597	9.50	X X X	X X X	5,557,597	
10.3	Class 3								X X X	X X X		
10.4	Class 4								X X X	X X X		
10.5	Class 5						(c)		X X X	X X X		
10.6	Class 6						(c)		X X X	X X X		
10.7	TOTALS	10,821,942	30,521,252	16,508,217	648,517		(b) 58,499,929	100.00	X X X	X X X	58,499,929	
10.8	Line 10.7 as a % of Column 6	18.50	52.17	28.22	1.11		100.00	X X X	X X X	X X X	100.00	
11. Total Bonds Prior Year												
11.1	Class 1	9,939,352	20,847,184	12,792,921			X X X	X X X	43,579,457	91.45	43,579,457	
11.2	Class 2	1,499,413		2,572,862			X X X	X X X	4,072,275	8.55	4,072,275	
11.3	Class 3						X X X	X X X				
11.4	Class 4						X X X	X X X				
11.5	Class 5						X X X	X X X	(c)			
11.6	Class 6						X X X	X X X	(c)			
11.7	TOTALS	11,438,765	20,847,184	15,365,783			X X X	X X X	(b) 47,651,732	100.00	47,651,732	
11.8	Line 11.7 as a % of Col. 8	24.00	43.75	32.25			X X X	X X X	100.00	X X X	100.00	
12. Total Publicly Traded Bonds												
12.1	Class 1	10,039,235	28,957,333	13,945,764			52,942,332	90.50	43,579,457	91.45	52,942,332	X X X
12.2	Class 2	782,707	1,563,919	2,562,453	648,517		5,557,596	9.50	4,072,275	8.55	5,557,596	X X X
12.3	Class 3											X X X
12.4	Class 4											X X X
12.5	Class 5											X X X
12.6	Class 6											X X X
12.7	TOTALS	10,821,942	30,521,252	16,508,217	648,517		58,499,928	100.00	47,651,732	100.00	58,499,928	X X X
12.8	Line 12.7 as a % of Col. 6	18.50	52.17	28.22	1.11		100.00	X X X	X X X	X X X	100.00	X X X
12.9	Line 12.7 as a % of Line 10.7, Col. 6, Section 10	18.50	52.17	28.22	1.11		100.00	X X X	X X X	X X X	100.00	X X X
13. Total Privately Placed Bonds												
13.1	Class 1										X X X	
13.2	Class 2										X X X	
13.3	Class 3										X X X	
13.4	Class 4										X X X	
13.5	Class 5										X X X	
13.6	Class 6										X X X	
13.7	TOTALS										X X X	
13.8	Line 13.7 as a % of Col. 6							X X X	X X X	X X X	X X X	
13.9	Line 13.7 as a % of Line 10.7, Col. 6, Section 10							X X X	X X X	X X X	X X X	

(a) Includes \$..... freely tradable under SEC Rule 144 or qualified for resale under SEC Rule 144A.
(b) Includes \$..... current year, \$..... prior year of bonds with Z designations and \$..... current year, \$..... prior year of bonds with Z* designations. The letter "Z" means the NAIC designation was not assigned by the Securities Valuation Office (SVO) at the date of the statement. "Z*" means the SVO could not evaluate the obligation because valuation procedures for the security class is under regulatory review.
(c) Includes \$..... current year, \$..... prior year of bonds with 5* designations and \$..... current year, \$..... prior year of bonds with 6* designations. "5*" means the NAIC designation was assigned by the SVO in reliance on the insurer's certification that the issuer is current in all principal and interest payments. "6*" means the NAIC designation was assigned by the SVO due to inadequate certification of principal and interest payments.

SCHEDULE D - PART 1A - SECTION 2

Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values by Major Types of and subtype of Issues

Distribution by Type		1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
1.	U.S. Governments, Schedules D & DA (Group 1)											
1.1	Issuer Obligations	9,185,956	22,539,812	5,774,055			37,499,823	64.10	30,400,216	63.80	37,499,823	
1.2	Single Class Mortgage-Backed/Asset-Backed Bonds											
1.7	TOTALS	9,185,956	22,539,812	5,774,055			37,499,823	64.10	30,400,216	63.80	37,499,823	
2.	All Other Governments, Schedules D & DA (Group 2)											
2.1	Issuer Obligations											
2.2	Single Class Mortgage-Backed/Asset-Backed Bonds											
	MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
2.3	Defined											
2.4	Other											
	MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
2.5	Defined											
2.6	Other											
2.7	TOTALS											
3.	States, Territories and Possessions, Guaranteed, Schedules D & DA (Group 3)											
3.1	Issuer Obligations											
3.2	Single Class Mortgage-Backed/Asset-Backed Bonds											
	MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
3.3	Defined											
3.4	Other											
	MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
3.5	Defined											
3.6	Other											
3.7	TOTALS											
4.	Political Subdivisions of States, Territories & Possessions, Guaranteed, Schedules D & DA (Group 4)											
4.1	Issuer Obligations			1,000,000			1,000,000	1.71	1,000,000	2.10	1,000,000	
4.2	Single Class Mortgage-Backed/Asset-Backed Bonds											
	MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
4.3	Defined											
4.4	Other											
	MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
4.5	Defined											
4.6	Other											
4.7	TOTALS			1,000,000			1,000,000	1.71	1,000,000	2.10	1,000,000	
5.	Special Revenue & Special Assessment Obligations etc., Non-Guaranteed, SCH. D & DA (Group 5)											
5.1	Issuer Obligations											
5.2	Single Class Mortgage-Backed/Asset-Backed Bonds											
	MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
5.3	Defined											
5.4	Other											
	MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
5.5	Defined											
5.6	Other											
5.7	TOTALS											

SCHEDULE D - PART 1A - SECTION 2 (continued)

Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values by Major Types of and subtype of Issues

	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
Distribution by Type											
6. Public Utilities (Unaffiliated), Schedules D & DA (Group 6)											
6.1 Issuer Obligations											
6.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
6.3 Defined											
6.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
6.5 Defined											
6.6 Other											
6.7 TOTALS											
7. Industrial & Miscellaneous (Unaffiliated), Schedules D & DA (Group 7)											
7.1 Issuer Obligations	1,635,987	7,981,440	9,734,162	648,517		20,000,106	34.19	16,251,516	34.10	20,000,106	
7.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
7.3 Defined											
7.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
7.5 Defined											
7.6 Other											
7.7 TOTALS	1,635,987	7,981,440	9,734,162	648,517		20,000,106	34.19	16,251,516	34.10	20,000,106	
8. Credit Tenant Loans, Schedules D & DA (Group 8)											
8.1 Issuer Obligations											
8.7 TOTALS											
9. Parent, Subsidiaries and Affiliates, Schedules D & DA (Group 9)											
9.1 Issuer Obligations											
9.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
9.3 Defined											
9.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
9.5 Defined											
9.6 Other											
9.7 TOTALS											

SCHEDULE D - PART 1A - SECTION 2 (continued)

Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values by Major Types of and subtype of Issues

	1	2	3	4	5	6	7	8	9	10	11
Distribution by Type	1 Year or Less	Over 1 Year Through 5 Years	Over 5 Years Through 10 Years	Over 10 Years Through 20 Years	Over 20 Years	Total Current Year	Column 6 as a % of Line 10.7	Total From Column 6 Prior Year	% From Column 7 Prior Year	Total Publicly Traded	Total Privately Placed
10. Total Bonds Current Year											
10.1 Issuer Obligations	10,821,942	30,521,252	16,508,217	648,517		58,499,929	100.00	X X X	X X X	58,499,929	
10.2 Single Class Mortgage-Backed/Asset-Backed Securities								X X X	X X X		
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
10.3 Defined								X X X	X X X		
10.4 Other								X X X	X X X		
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
10.5 Defined								X X X	X X X		
10.6 Other								X X X	X X X		
10.7 TOTALS	10,821,942	30,521,252	16,508,217	648,517		58,499,929	100.00	X X X	X X X	58,499,929	
10.8 Line 10.7 as a % of Column 6	18.50	52.17	28.22	1.11		100.00	X X X	X X X	X X X	100.00	
11. Total Bonds Prior Year											
11.1 Issuer Obligations	11,438,765	20,847,184	15,365,783			X X X	X X X	47,651,732	100.00	47,651,732	
11.2 Single Class Mortgage-Backed/Asset-Backed Securities						X X X	X X X				
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
11.3 Defined						X X X	X X X				
11.4 Other						X X X	X X X				
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
11.5 Defined						X X X	X X X				
11.6 Other						X X X	X X X				
11.7 TOTALS	11,438,765	20,847,184	15,365,783			X X X	X X X	47,651,732	100.00	47,651,732	
11.8 Line 11.7 as a % of Column 8	24.00	43.75	32.25			X X X	X X X	100.00	X X X	100.00	
12. Total Publicly Traded Bonds											
12.1 Issuer Obligations	10,821,942	30,521,252	16,508,217	648,517		58,499,928	100.00	47,651,732	100.00	58,499,928	X X X
12.2 Single Class Mortgage-Backed/Asset-Backed Securities											X X X
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
12.3 Defined											X X X
12.4 Other											X X X
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
12.5 Defined											X X X
12.6 Other											X X X
12.7 TOTALS	10,821,942	30,521,252	16,508,217	648,517		58,499,928	100.00	47,651,732	100.00	58,499,928	X X X
12.8 Line 12.7 as a % of Column 6	18.50	52.17	28.22	1.11		100.00	X X X	X X X	X X X	100.00	X X X
12.9 Line 12.7 as a % of Line 10.7, Column 6, Section 10	18.50	52.17	28.22	1.11		100.00	X X X	X X X	X X X	100.00	X X X
13. Total Privately Placed Bonds											
13.1 Issuer Obligations										X X X	
13.2 Single Class Mortgage-Backed/Asset-Backed Securities										X X X	
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
13.3 Defined										X X X	
13.4 Other										X X X	
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
13.5 Defined										X X X	
13.6 Other										X X X	
13.7 TOTALS										X X X	
13.8 Line 13.7 as a % of Column 6							X X X	X X X	X X X	X X X	
13.9 Line 13.7 as a % of Line 10.7, Column 6, Section 10							X X X	X X X	X X X	X X X	

39	Schedule DA Part 2	NONE
40	Schedule DB Part A Verification	NONE
40	Schedule DB Part B Verification	NONE
41	Schedule DB Part C Verification	NONE
41	Schedule DB Part D Verification	NONE
41	Schedule DB Part E Verification	NONE
42	Schedule DB Part F Sn 1 - Sum Replicated Assets	NONE
43	Schedule DB Part F Sn 2 - Recon Replicated Assets	NONE
44	Schedule S - Part 1 - Section 2	NONE
45	Schedule S - Part 2	NONE
46	Schedule S - Part 3 - Section 2	NONE
47	Schedule S - Part 4	NONE
48	Schedule S - Part 5	NONE

SCHEDULE S - PART 6
Restatement of Balance Sheet to Identify Net Credit For Ceded Reinsurance

	1 As Reported (net of ceded)	2 Restatement Adjustments	3 Restated (gross of ceded)
ASSETS (Page 2, Col. 3)			
1. Cash and invested assets (Line 10)	58,540,924		58,540,924
2. Accident and health premiums due and unpaid (Line 12)			
3. Amounts recoverable from reinsurers (Line 13.1)			
4. Net credit for ceded reinsurance	X X X		
5. All other admitted assets (Balance)	5,625,554		5,625,554
6. Total assets (Line 26)	64,166,478		64,166,478
LIABILITIES, CAPITAL AND SURPLUS (Page 3)			
7. Claims unpaid (Line 1)	1,000,000		1,000,000
8. Accrued medical incentive pool and bonus payments (Line 2)			
9. Premiums received in advance (Line 8)			
10. Reinsurance in unauthorized companies (Line 18)			
11. All other liabilities (Balance)	37,811,685		37,811,685
12. Total liabilities (Line 22)	38,811,685		38,811,685
13. Total capital and surplus (Line 30)	25,354,793	X X X	25,354,793
14. Total liabilities, capital and surplus (Line 31)	64,166,478		64,166,478
NET CREDIT FOR CEDED REINSURANCE			
15. Claims unpaid			
16. Accrued medical incentive pool			
17. Premiums received in advance			
18. Reinsurance recoverable on paid losses			
19. Other ceded reinsurance recoverables			
20. Total ceded reinsurance recoverables			
21. Premiums receivable			
22. Unauthorized reinsurance			
23. Other ceded reinsurance payables/offsets			
24. Total ceded reinsurance payables/offsets			
25. Total net credit for ceded reinsurance			

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS
Allocated by States and Territories

		1	2	Direct Business Only					
		Guaranty Fund (Yes or No)	Is Insurer Licensed (Yes or No)	3	4	5	6	7	8
State, Etc.				Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums & Deposit-Type Contract Funds	Property/ Casualty Premiums
1.	Alabama (AL)	No ..	No ..						
2.	Alaska (AK)	No ..	No ..						
3.	Arizona (AZ)	No ..	No ..						
4.	Arkansas (AR)	No ..	No ..						
5.	California (CA)	No ..	No ..						
6.	Colorado (CO)	No ..	No ..						
7.	Connecticut (CT)	No ..	No ..						
8.	Delaware (DE)	No ..	No ..						
9.	District of Columbia (DC)	No ..	No ..						
10.	Florida (FL)	No ..	No ..						
11.	Georgia (GA)	No ..	No ..						
12.	Hawaii (HI)	No ..	No ..						
13.	Idaho (ID)	No ..	No ..						
14.	Illinois (IL)	No ..	No ..						
15.	Indiana (IN)	No ..	No ..						
16.	Iowa (IA)	No ..	No ..						
17.	Kansas (KS)	No ..	No ..						
18.	Kentucky (KY)	No ..	No ..						
19.	Louisiana (LA)	No ..	No ..						
20.	Maine (ME)	No ..	No ..						
21.	Maryland (MD)	No ..	No ..						
22.	Massachusetts (MA)	No ..	No ..						
23.	Michigan (MI)	No ..	No ..						
24.	Minnesota (MN)	No ..	No ..						
25.	Mississippi (MS)	No ..	No ..						
26.	Missouri (MO)	No ..	No ..						
27.	Montana (MT)	No ..	No ..						
28.	Nebraska (NE)	No ..	No ..						
29.	Nevada (NV)	No ..	No ..						
30.	New Hampshire (NH)	No ..	No ..						
31.	New Jersey (NJ)	No ..	No ..						
32.	New Mexico (NM)	No ..	No ..						
33.	New York (NY)	No ..	No ..						
34.	North Carolina (NC)	No ..	No ..						
35.	North Dakota (ND)	No ..	No ..						
36.	Ohio (OH)	No ..	No ..						
37.	Oklahoma (OK)	No ..	No ..						
38.	Oregon (OR)	No ..	No ..						
39.	Pennsylvania (PA)	No ..	No ..						
40.	Rhode Island (RI)	No ..	No ..						
41.	South Carolina (SC)	No ..	No ..						
42.	South Dakota (SD)	No ..	No ..						
43.	Tennessee (TN)	No ..	Yes ..						
44.	Texas (TX)	No ..	No ..						
45.	Utah (UT)	No ..	No ..						
46.	Vermont (VT)	No ..	No ..						
47.	Virginia (VA)	No ..	No ..						
48.	Washington (WA)	No ..	No ..						
49.	West Virginia (WV)	No ..	No ..						
50.	Wisconsin (WI)	No ..	No ..						
51.	Wyoming (WY)	No ..	No ..						
52.	American Samoa (AS)	No ..	No ..						
53.	Guam (GU)	No ..	No ..						
54.	Puerto Rico (PR)	No ..	No ..						
55.	U.S. Virgin Islands (VI)	No ..	No ..						
56.	Canada (CN)	No ..	No ..						
57.	Aggregate other alien (OT)	X X X ..	X X X ..						
58.	TOTAL (Direct Business)	X X X ..	(a). 1 ..						
DETAILS OF WRITE-INS									
5701									
5702									
5703									
5798. Summary of remaining write-ins for Line 57 from overflow page									
5799. TOTALS (Lines 5701 through 5703 plus 5798) (Line 57 above)									

(a) Insert the number of yes responses except for Canada and Other Alien.
Explanation of basis of allocation of premiums by states, etc.:

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER
MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART



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SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER
MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

SCHEDULE Y (continued)
PART 2 - SUMMARY OF INSURER'S TRANSACTIONS WITH ANY AFFILIATES

1	2	3	4	5	6	7	8	9	10	11	12	13
NAIC Company Code	Federal ID Number	Names of Insurers and Parent, Subsidiaries or Affiliates	Shareholder Dividends	Capital Contributions	Purchases, Sales or Exchanges of Loans, Securities, Real Estate, Mortgage Loans or Other Investments	Income/(Disburse- ments) Incurred in Connection with Guarantees or Undertakings for the Benefit of any Affiliate(s)	Management Agreements and Service Contracts	Income/ (Disbursements) Incurred Under Reinsurance Agreements	*	Any Other Material Activity not in the Ordinary Course of the Insurer's Business	Totals	Reinsurance Recoverable/ (Payable) on Losses and/or Reserve Credit Taken/ (Liability)
..... 95749 ..	.. 62-1552091 62-1546662 ..	PHP Companies, Inc. Preferred Health Partnership of Tennesse .....	.....	.....	.....	.....	.. (16,170,728) ... 16,170,728	.....	.....	.....	.. (16,170,728) ... 16,170,728	.....
9999999 Totals .....			.....	.....	.....	.....	.....	.....	X X X	.....	.....	.....

Schedule Y Part 2 Explanation:

SUPPLEMENTAL EXHIBITS AND SCHEDULES

INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

	Response
MARCH FILING	
1. Will the Medicare Supplement Insurance Experience Exhibit be filed with the state of domicile and the NAIC by March 1?	No
2. Will the Supplemental Compensation Exhibit be filed with the state of domicile by March 1?	Yes
3. Will an actuarial certification be filed by March 1?	Yes
4. Will the Risk-based Capital Report be filed with the NAIC by March 1?	Yes
5. Will the Risk-based Capital Report be filed with the state of domicile, if required by March 1?	Yes
6. Will the Life Supplement be filed with the state of domicile and the NAIC by March 1?	No
7. Will the Property/Casualty Supplement be filed with the state of domicile and the NAIC by March 1?	No
APRIL FILING	
8. Will Management's Discussion and Analysis be filed by April 1?	Yes
9. Will the Long-term Care Experience Reporting Forms be filed with the state of domicile by April 1?	No
10. Will the Investment Risks Interrogatories be filed by April 1?	Yes
JUNE FILING	
11. Will an audited financial report be filed by June 1 with the state of domicile?	Yes
Explanations:	

Bar Codes:

Medicare Supplement Insurance Experience Exhibit



957492004360000002004Document Code: 360

Health Life Supplement



957492004205000002004Document Code: 205

Health Property / Casualty Supplement



957492004207000002004Document Code: 207

LTC Experience Reporting Form C



957492004330000002004Document Code: 330

OVERFLOW PAGE FOR WRITE-INS

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
2104.
2197. Summary of remaining write-ins for Line 21 (Lines 2104 through 2196)

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
2504. Education & Seminars	5,735	616	31,933		38,285
2505. Meals & Entertainment	4,327	1,255	25,475		31,056
2506. Office Supplies					
2507. Training & Orientation					
2508. Wellness Program	(544)		13,159		12,615
2509. Liquidated Damages			1,207,740		1,207,740
2510. Books & Subscriptions	83,713	4,250	44,006		131,969
2511. Leases & Rentals		9,103	119,522		128,625
2512. Repairs	376	256	5,117		5,749
2513. Temp/Contract Personnel	169,634	159,868	168,351		497,853
2514. Miscellaneous Expense	488	32,178	39,940		72,606
2515. Corporate Management Fee Revenue					
2516. Corporate Management Fee Expense					
2517. Covenant Mgmt Fee			1,703,691		1,703,691
2518. Covenant MIS Direct Fee					
2519. Risk Banding Reserve					
2520. Provision for Loss Contracts					
2521. Utilities			52,568		52,568
2522. Maintenance Agreements		15,450	504,136		519,586
2523. State Admin Revenue	(3,002,772)	(3,316,060)	(13,408,542)		(19,727,374)
2597. Summary of overflow write-ins for Line 25	(2,739,043)	(3,093,085)	(9,492,904)		(15,325,031)

E01 Schedule A - Part 1 Real Estate Owned NONE

E02 Schedule A - Part 2 Real Estate Aquired NONE

E03 Schedule A - Part 3 Real Estate Sold NONE

E04 Schedule B - Part 1 Mortgage Loans Owned NONE

E05 Schedule B - Part 2 Mortgage Loans Sold NONE

E06 Schedule BA - Part 1 Invested Assets Owned NONE

E07 Schedule BA - Part 2 Invested Assets Sold NONE

SCHEDULE D - PART 1
Showing all Long-Term BONDS Owned December 31, of Current Year

CUSIP Identi- fication	Description	Codes			6 NAIC Desig- nation	7 Actual Cost	Fair Value		10 Par Value	11 Book/ Adjusted Carrying Value	Change in Book Adjusted Carrying Value				Interest				Dates		
		3 * N	4 F O R E I G N	5 Bond CHAR			8 Rate Used to Obtain Fair Value	9 Fair Value			12 Unrealized Valuation Increase/ (Decrease)	13 Current Year's (Amortization) Accretion	14 Current Year's Other Than Temporary Impairment Recognized	15 Total Foreign Exchange Change in B./A.C.V.	16 Rate of	17 Effective Rate of Interest	18 How Paid	19 Admitted Amount Due and Accrued	20 Gross Amount Received During Year	21 Acquired	22 Maturity
U.S. Governments - Issuer Obligations																					
31359MNU3	FNMA			1	1,516,466	103.7630	1,556,445	1,500,000	1,512,807	(1,689)			5.250	5.193	AF	32,594	77,061	11/21/2002	08/01/2012		
31359MFH1	FNMA NT			1FE	4,613,700	100.5310	4,222,302	4,200,000	4,210,117	(121,083)			7.125	6.486	FA	112,219	178,167	09/25/2001	02/15/2005		
31359MFV0	FNMA PREASSIGN			1FE	1,138,963	102.2500	1,073,625	1,050,000	1,062,707	(25,418)			7.000	6.453	JJ	33,688	48,082	01/28/2002	07/15/2005		
3134A4UH5	FHLMC DEB			1FE	1,495,195	99.2710	1,489,068	1,500,000	1,496,797	1,602			2.125	2.129	NM	3,984	10,367	08/05/2004	11/15/2005		
3134A4UH5	FHLMC DEB			1FE	1,498,770	99.2710	1,489,068	1,500,000	1,499,180	410			2.125	2.129	NM	3,984	8,025	08/18/2004	11/15/2005		
912828BU3	US TREAS			1FE	867,344	99.1330	867,414	875,000	867,982	638			1.875	1.892	DJ		1,128	12/17/2004	12/31/2005		
3134A0TG7	FHLMC GLOBAL BD			1FE	2,768,374	102.9690	2,991,249	2,905,000	2,891,106	13,894			5.950	6.244	JJ	77,301	186,742	03/15/1996	01/19/2006		
31359MHB2	FNMA			1FE	1,746,342	102.6400	1,693,560	1,650,000	1,679,127	(26,886)			5.500	5.197	FA	34,031	63,864	07/17/2002	02/15/2006		
3133MDJP9	FHLB FED HOME LN BK			1FE	2,596,625	102.3490	2,558,715	2,500,000	2,571,197	(25,428)			5.125	4.934	MS	40,573	(13,683)	08/02/2004	03/06/2006		
3133MKED5	FHLB PREASSIGN			1FE	2,603,625	102.9500	2,573,743	2,500,000	2,587,683	(15,942)			4.875	4.681	NM	15,234	(369)	09/27/2004	11/15/2006		
3133X7C51	FHLB TRANCHE			1FE	2,012,758	100.2810	2,005,620	2,000,000	2,011,907	(851)			3.500	3.478	MN	8,750	(851)	11/12/2004	05/15/2007		
31359MGH0	FNMA			1FE	3,313,125	108.3730	3,251,199	3,000,000	3,271,924	(41,201)			6.625	5.999	AF	41,406	(10,284)	08/19/2004	10/15/2007		
3134A4TE4	FHLMC			1FE	3,037,968	97.7800	2,933,409	3,000,000	3,024,876	(7,855)			2.750	2.716	MS	24,063	74,645	05/29/2003	03/15/2008		
912828AZ3	US TREAS NTS			1FE	982,969	97.7660	977,656	1,000,000	984,157	1,188			2.625	2.670	MN	3,281	4,113	10/04/2004	05/15/2008		
3133X0LJ6	FHLB			1FE	1,001,571	100.2500	1,002,500	1,000,000	1,001,501	(70)			3.750	3.744	AF	14,063		11/30/2004	08/15/2008		
31359MMF7	FNMA PREASSIGN		1	1FE	2,641,016	103.3750	2,584,375	2,500,000	2,609,966	(15,525)			5.625	5.325	AF	46,875	125,100	01/22/2003	02/28/2012		
31359MQV8	FNMA PREASSIGN		1	1FE	1,053,339	99.3970	1,043,667	1,050,000	1,052,745	(340)			4.750	4.735	AF	17,872	49,535	04/10/2003	02/21/2013		
31359MWJ8	FNMA PREASSIGN			1FE	598,488	100.0750	600,451	600,000	598,537	49			4.625	4.637	OA	5,781	2,207	09/15/2004	10/15/2014		
665278107	NORTHERN INSTL FDS			1	49,173	100.0000	49,173	49,173	49,173					1.809	MON	1,130	18,590	12/01/2004	12/31/2005		
912828AN0	US TREAS NTS			1	101,226	99.3830	99,383	100,000	100,817	(288)			3.000		NM	500	2,712	07/31/2003	11/15/2007		
912828AZ3	US TREAS NTS			1	200,000	97.7660	195,532	200,000	200,000				2.625		AO	875	2,986	04/19/2004	05/15/2008		
912828CE8	US TREAS NTS			1	2,210,963	98.4840	2,215,890	2,250,000	2,215,517	4,554			3.125		AO	17,578	29,145	06/08/2004	04/15/2009		
0199999 Subtotal - U.S. Governments - Issuer Obligations						38,047,999	X X X	37,474,044	36,929,173	37,499,823		(260,239)			X X X	X X X	X X X	535,782	857,212	X X X	X X X
0399999 Subtotal - U.S. Governments						38,047,999	X X X	37,474,044	36,929,173	37,499,823		(260,239)			X X X	X X X	X X X	535,782	857,212	X X X	X X X
Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) - Issuer Obligations																					
499523UE6	KNOX CNTY TENN HLTH EDL			2		101.4310	1,044,310	1,000,000	1,000,000				4.500	4.500	JJ	22,375	45,000	02/21/2003	07/01/2012		
1899999 Subtotal - Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) - Issuer Obligations						1,000,000	X X X	1,044,310	1,000,000	1,000,000				X X X	X X X	X X X	22,375	45,000	X X X	X X X	
2499999 Subtotal - Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)						1,000,000	X X X	1,044,310	1,000,000	1,000,000				X X X	X X X	X X X	22,375	45,000	X X X	X X X	
Industrial & Miscellaneous (Unaffiliated) - Issuer Obligations																					
319963AE4	1ST DATA CORP SR NT			1	1,591,980	102.2350	1,533,527	1,500,000	1,543,990	(23,995)			4.700	4.428	NM	11,554	46,505	01/08/2003	11/01/2006		
90331HHW6	US BK NATL ASSN CIN OH			1	1,239,888	99.1580	1,229,559	1,240,000	1,239,932	37			2.850	2.850	NM	4,418	35,672	11/04/2003	11/15/2006		
073902BZ0	BEAR STEARNS COS INC			1	492,335	104.1220	520,611	500,000	496,828	1,586			5.700	5.789	JJ	13,063	30,086	03/25/2002	01/15/2007		
38141GAZ7	GOLDMAN SACHS GROUP INC			1	1,139,340	112.8180	1,128,178	1,000,000	1,107,876	(17,979)			6.875	6.034	JJ	31,510	50,771	04/03/2003	01/15/2011		
52517PSC6	LEHMAN BROS HLDGS INC			1	1,096,780	111.8190	1,118,188	1,000,000	1,075,273	(10,753)			6.625	6.040	JJ	29,813	55,497	01/03/2003	01/18/2012		
097014AH7	BOEING CAP CORP			1	1,048,030	107.8630	1,078,629	1,000,000	1,040,446	(5,056)			5.800	5.534	JJ	26,583	51,816	07/17/2003	01/15/2013		
22237LNC2	COUNTRYWIDE HOME LNS INC			1FE	853,876	100.3140	852,668	850,000	853,280	(596)			3.500	3.484	DJ	909	1,056	11/23/2004	12/19/2005		
02003EAD4	PVTP/L ALLSTATE LIFE GLOBAL			1FE	749,738	97.9970	734,978	750,000	749,818	81			2.625	2.626	AO	4,102	14,518	01/13/2004	04/15/2007		
49306BNC3	KEY BK			1FE	729,162	103.7710	726,397	700,000	724,294	(4,868)			5.000	4.800	JJ	15,847	(4,576)	07/09/2004	07/17/2007		
066050CU7	BANKAMERICA CORP			1FE	858,968	107.5140	860,112	800,000	856,092	(2,876)			6.250	5.821	AO	12,361	(2,876)	11/30/2004	04/01/2008		
867914AQ6	SUNTRUST BKS INC			1FE	813,465	108.1400	811,046	750,000	806,567	(6,898)			6.250	5.762	JD	3,776	7,685	08/04/2004	06/01/2008		
758940AF7	REGIONS FINANCIAL CORP NT			1FE	2,513,850	114.1150	2,852,875	2,500,000	2,508,604	(1,397)			7.000	6.961	MS	57,847	173,603	04/25/2001	03/01/2011		
110122AG3	BRISTOL MYERS SQUIBB CO			1FE	790,838	107.0980	803,233	750,000	788,463	(2,374)			5.750	5.453	OA	10,661	3,735	08/05/2004	10/01/2011		
36962GM68	GEN ELEC CAP CORP			1FE	993,980	99.4060	994,064	1,000,000	994,123	143			4.375	4.401	NM	4,740	143	11/16/2004	11/21/2011		
209615CA9	CONS NAT GAS CO			1FE	656,981	100.0960	650,623	650,000	656,923	(58)			5.000	4.947	DJ	3,792	(58)	12/09/2004	12/01/2014		
233835AP2	DAIMLER CHRYSLER			2	1,590,210	115.3110	1,729,665	1,500,000	1,562,453	(10,409)			7.750	7.310	JJ	52,313	105,841	05/15/2002	01/18/2011		
211177AJ9	CONTL CABLEVISION INC			2FE	819,503	103.9060	779,295	750,000	782,707	(36,795)			8.875	8.122	MS	19,414	(9,246)	04/13/2004	09/15/2005		
254687AM8	DISNEY WALT CO			2FE	836,624	104.1920	833,532	800,000	832,046	(4,578)			6.750	6.455	MS	13,500	(4,578)	11/30/2004	03/30/2006		
345397TX1	FORD MTR CO			2FE	739,851	103.9850	727,893	700,000	731,873	(7,978)			6.500	6.150	JJ	19,590	(6,461)	07/08/2004	01/25/2007		
93933WAC0	WA MUT BK			2FE	648,505	99.3210	645,584	650,000	648,517	12			5.125	5.137	JJ	4,442	12	12/10/2004	01/15/2015		
3999999 Subtotal - Industrial & Miscellaneous (Unaffiliated) - Issuer Obligations						20,203,903	X X X	20,610,657	19,390,000	20,000,106		(134,752)			X X X	X X X	X X X	340,233	549,145	X X X	X X X
4599999 Subtotal - Industrial & Miscellaneous (Unaffiliated)						20,203,903	X X X	20,610,657													

E09 Schedule D - Part 2 Sn 1 Prfrd Stocks Owned NONE

E10 Schedule D - Part 2 Sn 2 Common Stocks Owned NONE

SCHEDULE D - PART 3
Showing All Long-Term Bonds and Stocks ACQUIRED During Current Year

1	2	3	4	5	6	7	8	9
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends
Bonds - U.S. Governments								
3134A4UH5	FHLMC DEB		08/05/2004 ..	NORTHERN TRUST	X X X	1,495,195	1,500,000.00	7,172
3134A4UH5	FHLMC DEB		08/18/2004 ..	NORTHERN TRUST	X X X	1,498,770	1,500,000.00	8,323
3133MDJP9	FHLB FED HOME LN BK		08/02/2004 ..	NORTHERN TRUST	X X X	2,596,625	2,500,000.00	52,318
31359MGH0	FNMA		08/19/2004 ..	NORTHERN TRUST	X X X	3,313,125	3,000,000.00	68,458
3133MKED5	FHLB PREASSIGN		09/27/2004 ..	NORTHERN TRUST	X X X	2,603,625	2,500,000.00	45,365
31359MWJ8	FNMA PREASSIGN		09/15/2004 ..	NORTHERN TRUST	X X X	598,488	600,000.00 .....	.....
912828AZ3	US TREAS NTS		10/04/2004 ..	NORTHERN TRUST	X X X	982,969	1,000,000.00	10,200
3133X7C51	FHLB TRANCHE		11/12/2004 ..	NORTHERN TRUST	X X X	2,012,758	2,000,000.00 .....	.....
3133X0LJ6	FHLB		11/30/2004 ..	NORTHERN TRUST	X X X	1,001,571	1,000,000.00	11,042
912828BU3	US TREAS		12/17/2005 ..	NORTHERN TRUST	X X X	867,344	875,000.00	7,713
912828AZ3	US TREAS		04/19/2004 ..	NORTHERN TRUST	X X X	200,000	200,000.00	2,264
912828CE8	US TREAS		06/08/2004 ..	NORTHERN TRUST	X X X	2,210,963	2,250,000.00	10,566
0399999 Subtotal - Bonds - U.S. Governments						19,381,432	18,925,000.00	223,420
Bonds - Industrial and Miscellaneous (Unaffiliated)								
02003EAD4	PVPTL ALLSTATE LIFE GLOBAL		01/13/2004 ..	NORTHERN TRUST	X X X	749,738	750,000.00 .....	.....
49306BNC3	KEY BK		07/09/2004 ..	NORTHERN TRUST	X X X	729,162	700,000.00 .....	.....
867914AQ6	SUNTRUST BKS INC		08/04/2004 ..	NORTHERN TRUST	X X X	813,465	750,000.00	8,854
110122AG3	BRISTOL MYERS SQUIBB CO		08/05/2004 ..	NORTHERN TRUST	X X X	790,838	750,000.00	15,453
22237LNC2	COUNTRYWIDE HOME LNS INC		11/23/2004 ..	NORTHERN TRUST	X X X	853,876	850,000.00	13,222
36962GM68	GEN ELEC CAP CORP		11/16/2004 ..	NORTHERN TRUST	X X X	993,980	1,000,000.00 .....	.....
066050CU7	BANKAMERICA CORP		11/30/2004 ..	NORTHERN TRUST	X X X	858,968	800,000.00	8,611
209615CA9	CONS NAT GAS CO		12/09/2005 ..	NORTHERN TRUST	X X X	656,981	650,000.00	2,347
211177AJ9	CONTL CABLEVISION INC		04/13/2004 ..	NORTHERN TRUST	X X X	819,503	750,000.00	5,732
345397TX1	FORD MTR CO		07/08/2004 ..	NORTHERN TRUST	X X X	739,851	700,000.00 .....	.....
254687AM8	DISNEY WALT CO		11/30/2004 ..	NORTHERN TRUST	X X X	836,624	800,000.00	9,450
93933WAC0	WA MUT BK		12/10/2005 ..	NORTHERN TRUST	X X X	648,505	650,000.00	3,054
4599999 Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)						9,491,490	9,150,000.00	66,723
6099997 Subtotal - Bonds - Part 3						28,872,922	28,075,000.00	290,144
6099998 Summary item from Part 5 for Bonds						1,296,724	1,300,000.00 .....	.....
6099999 Subtotal - Bonds						30,169,646	29,375,000.00	290,144
6599998 Summary Item from Part 5 for Preferred Stocks .....						.....	X X X .....	.....
7299998 Summary Item from Part 5 for Common Stocks .....						.....	X X X .....	.....
7399999 Subtotal - Preferred and Common Stocks .....						.....	X X X .....	.....
7499999 Totals						30,169,646	X X X	290,144

SCHEDULE D - PART 4

Showing All Long-Term Bonds and Stocks SOLD, REDEEMED, or Otherwise DISPOSED OF During Current Year

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21
										11	12	13	14	15						
CUSIP Identification	Description	g i n	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year (Amortization) Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (Cols. 11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest Stock Dividends Received During Year	Maturity Date
Bonds - U.S. Governments																				
880591DR0	TVA NT .....	...	07/15/2004	MATURITY	X X X ...	2,550,000	2,550,000.00	2,549,439	2,549,888	.....	112	.....	112	.....	2,550,000	.....	.....	.....	60,675	07/15/2004
31359MHX4	FNMA PREASSIGN .....	...	09/27/2004	NORTHERN TRUST	X X X ...	2,606,200	2,500,000.00	2,578,320	2,528,371	.....	4,957	.....	4,957	.....	2,533,328	.....	72,872	72,872	61,102	05/02/2006
912828AU4	US TREAS NTS .....	...	09/15/2004	NORTHERN TRUST	X X X ...	1,884,414	1,900,000.00	1,828,750	1,850,755	.....	(13,331)	.....	(13,331)	.....	1,837,424	.....	46,990	46,990	(6,929)	02/15/2013
31359MHB2	FNMA .....	...	01/15/2004	NORTHERN TRUST	X X X ...	804,143	750,000.00	793,792	775,460	.....	.....	.....	.....	.....	775,460	.....	28,682	28,682	17,302	02/15/2006
3133MKEC7	FHLB .....	...	11/15/2004	MATURITY	X X X ...	2,000,000	2,000,000.00	1,988,280	1,996,338	.....	3,663	.....	3,663	.....	2,000,000	.....	.....	.....	44,913	11/15/2004
880591DR0	TVA NT .....	...	07/15/2004	MATURITY	X X X ...	2,250,000	2,250,000.00	2,249,505	2,249,888	.....	112	.....	112	.....	2,250,000	.....	.....	.....	106,987	07/15/2004
665278107	NORTHERN INSTL FDS .....	...	12/31/2004	NORTHERN TRUST	X X X ...	70,895	70,895.38	70,895	70,895	.....	.....	.....	.....	.....	70,895	.....	.....	.....	.....	12/31/2004
0399999	Subtotal - Bonds - U.S. Governments					12,165,652	12,020,895.38	12,058,981	12,021,595	.....	(4,488)	.....	(4,488)	.....	12,017,107	.....	148,544	148,544	284,050	X X X
Bonds - Industrial and Miscellaneous (Unaffiliated)																				
337358DD4	FIRST UNION CORP NT .....	...	11/01/2004	MATURITY	X X X ...	3,000,000	3,000,000.00	3,099,630	3,023,170	.....	(23,170)	.....	(23,170)	.....	3,000,000	.....	0	0	81,080	11/01/2004
36962GVM3	GEN ELEC CAP CORP .....	...	11/16/2004	NORTHERN TRUST	X X X ...	1,036,810	1,000,000.00	1,116,680	1,085,565	.....	(38,893)	.....	(38,893)	.....	1,046,672	.....	(9,862)	(9,862)	(1,493)	11/01/2005
25468PBT2	WALT DISNEY COMPANY NT .....	...	07/02/2004	MATURITY	X X X ...	1,500,000	1,500,000.00	1,496,475	1,499,413	.....	587	.....	587	.....	1,500,000	.....	0	0	37,149	07/02/2004
4599999	Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)					5,536,810	5,500,000.00	5,712,785	5,608,148	.....	(61,476)	.....	(61,476)	.....	5,546,672	.....	(9,862)	(9,862)	116,736	X X X
6099997	Subtotal - Bonds - Part 4					17,702,462	17,520,895.38	17,771,766	17,629,743	.....	(65,964)	.....	(65,964)	.....	17,563,779	.....	138,682	138,682	400,786	X X X
6099998	Summary Item from Part 5 for Bonds					1,311,796	1,300,000.00	1,296,724	.....	82	.....	82	.....	.....	1,296,805	.....	14,990	14,990	9,518	X X X
6099999	Subtotal - Bonds					19,014,257	18,820,895.38	19,068,490	17,629,743	.....	(65,882)	.....	(65,882)	.....	18,860,584	.....	153,673	153,673	410,305	X X X
6599998	Summary Item from Part 5 for Preferred Stocks					X X X ...				.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	X X X
7299998	Summary Item from Part 5 for Common Stocks					X X X ...				.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	X X X
7399999	Subtotal - Preferred and Common Stocks					X X X ...				.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	X X X
7499999	Totals					19,014,257	X X X ...	19,068,490	17,629,743	.....	(65,882)	.....	(65,882)	.....	18,860,584	.....	153,673	153,673	410,305	X X X

SCHEDULE D - PART 5

Showing All Long-Term Bonds and Stocks ACQUIRED During Year and Fully DISPOSED OF During Current Year

1	2	3	4	5	6	7	8	9	10	11	Change in Book/Adjusted Carrying Value					17	18	19	20	21
											12	13	14	15	16					
CUSIP Identifi- cation	Description	F O R E I G N	Date Acquired	Name of Vendor	Disposal Date	Name of Purchaser	Par Value (Bonds) Number of Shares (Stock)	Actual Cost	Consider- ation	Book/ Adjusted Carrying Value at Disposal Date	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization) Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (Col. 12+ 13-14)	Total Foreign Exchange Change in B./A.C.V.	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Interest and Dividends Received During Year	Paid for Accrued Interest and Dividends
Bonds - U.S. Governments																				
31359MWJ8 ..	FNMA PREASSIGN .....	..	09/15/2004	NORTHERN TRUST	12/09/2004	NORTHERN TRUST	1,300,000.000	.... 1,296,724	.... 1,311,796	.... 1,296,805	.....	82	.....	82	.....	.....	..... 14,990	..... 14,990	..... 9,518	.....
0399999 Subtotal - Bonds - U.S. Governments							1,300,000.000	.... 1,296,724	.... 1,311,796	.... 1,296,805	.....	82	.....	82	.....	.....	..... 14,990	..... 14,990	..... 9,518	.....
6099998 Subtotal - Bonds							1,300,000.000	.... 1,296,724	.... 1,311,796	.... 1,296,805	.....	82	.....	82	.....	.....	..... 14,990	..... 14,990	..... 9,518	.....
7499999 Totals .....								.... 1,296,724	.... 1,311,796	.... 1,296,805	.....	82	.....	82	.....	.....	..... 14,990	..... 14,990	..... 9,518	.....

E14	Schedule D - Part 6 Sn 1	NONE
E14	Schedule D - Part 6 Sn 2	NONE
E15	Schedule DA - Part 1 ST Investments Owned	NONE
E16	Schedule DB - Part A Sn 1 Opt/Cap/Floor Owned	NONE
E16	Schedule DB - Part A Sn 2 Opt/Cap/Floor Aquired	NONE
E17	Schedule DB - Part A Sn 3 Opt/Cap/Floor Term	NONE
E17	Schedule DB - Part B Sn 1 Opt/Cap/Floor In-force	NONE
E18	Schedule DB - Part B Sn 2 Opt/Cap/Floor Written	NONE
E18	Schedule DB - Part B Sn 3 Opt/Cap/Floor Term	NONE
E19	Schedule DB - Part C Sn 1 Col/Swap/Fwrdr Open	NONE
E19	Schedule DB - Part C Sn 2 Col/Swap/Fwrdr Opened	NONE
E20	Schedule DB - Part C Sn 3 Col/Swap/Fwrdr Term	NONE
E20	Schedule DB - Part D Sn 1 Futures Contracts Open	NONE
E21	Schedule DB - Part D Sn 2 Futures Contracts Opened	NONE
E21	Schedule DB - Part D Sn 3 Futures Contracts Term	NONE
E22	Schedule DB - Part E Sn 1 Counterparty Exposure	NONE

SCHEDULE E - PART 1 - CASH

1			2	3	4	5	6	7
Depository			Code	Rate of Interest	Amount of Interest Received During Year	Amount of Interest Accrued December 31 of Current Year	Balance	*
open depositories								
Cash on Deposit	First Tennessee Bank				47,803		40,995	X X X
0199998 Deposits in depositories that do not exceed the allowable limit in any one depository (See Instructions) - open depositories .....				.. X X X ..				X X X
0199999 Totals - Open Depositories .....				.. X X X ..	47,803		40,995	X X X
0299998 Deposits in depositories that do not exceed the allowable limit in any one depository (See Instructions) - suspended depositories .....				.. X X X ..				X X X
0299999 Totals - Suspended Depositories .....				.. X X X ..				X X X
0399999 Total Cash On Deposit .....				.. X X X ..	47,803		40,995	X X X
0499999 Cash in Company's Office .....				.. X X X ..	X X X	X X X		X X X
0599999 Total Cash .....				.. X X X ..	47,803		40,995	X X X

TOTALS OF DEPOSITORY BALANCES ON THE LAST DAY OF EACH MONTH DURING THE CURRENT YEAR

1. January	7,433,352	4. April	9,304,893	7. July	689,776	10. October	3,186,666
2. February	8,032,324	5. May	9,930,259	8. August	545,034	11. November	19,087
3. March	6,796,796	6. June	9,380,643	9. September	2,406,431	12. December	40,995

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments owned December 31 of current year

1	2	3	4	5	6	7	8	9
CUSIP Identification	Description	Code	Date Acquired	Rate of Interest	Maturity Date	Book/Adjusted Carrying Value	Amount of Interest Due & Accrued	Gross Investment Income
<div>NONE</div>								
0199999 Total Cash Equivalents

SCHEDULE E - PART 3 - SPECIAL DEPOSITS

1 Line Number	2 Type	3 Description of Deposit	4 Where Deposited and Purpose of Deposit	5 Par or Book Value	6 Statement Value (a)	7 Fair Value
Tennessee						
TN00001	B	US TREASURY NT - CUSIP #912828AZ3 Maturity Date 05/15/2008 Value \$200,000	First Tennessee Bank - Restricted Investment - for protection of the enrollees in the State of TN	200,000	200,000	195,532
TN00002	B	US TREASURY NT - CUSIP #912828AN0 Maturity Date 11/15/2007 Value \$100,000	First Tennessee Bank - Restricted Investment - for protection of the enrollees in the State of TN	100,000	100,817	99,383
TN00003	B	US TREASURY NT - CUSIP #912828CE8 Maturity Date 04/15/2009 Value \$2,250,000	First Tennessee Bank - Restricted Investment - for protection of the enrollees in the State of TN	2,250,000	2,215,517	2,215,890
TN99999	Subtotals - Tennessee			2,550,000	2,516,334	2,510,805
XX99999	Subtotals - Special Deposits Not Held for the Benefit Of All Policyholders, Claimants and Creditors of the Company			2,550,000	2,516,334	2,510,805
9999999	Totals			2,550,000	2,516,334	2,510,805

(a) Including \$..... cash and short-term investments as defined in SSAP No.2 of the NAIC Accounting Practices and Procedures Manual.

MEDICARE SUPPLEMENT INSURANCE EXPERIENCE EXHIBIT FOR THE STATE OF TENNESSEE



NAIC Group Code: 1253

NAIC Company Code: 95749

Address (City, State and Zip Code): Knoxville , TN 37932

Person Completing This Exhibit:

Title:

Telephone:

[illegible]

NONE

GENERAL INTERROGATORIES

1. If response in Column 1 is no, give full and complete details:
2. Claims address and contact person provided to the Secretary of Health and Human Services as required by 42 U.S.C. 1395ss(c)(3)(E) for this state.
 - 2.1 Address:
 - 2.2 Contact Person and Phone Number:
3. Billing address and contact person for user fees established under 42 U.S.C. 1395u(h)(3)(B)
 - 3.1 Address:
 - 3.2 Contact Person and Phone Number:
4. Explain any policies identified above as policy type "O":

Suppl Tennessee



SUPPLEMENTAL COMPENSATION EXHIBIT
(To be filed by March 1)

PART 1 - INTERROGATORIES

1. The reporting insurer is a member of a group of insurers or other holding company system:
If yes, do the below amounts represent 1) total gross compensation paid to each individual by or on behalf of all companies which are part of the group:
or 2) allocation to each insurer:

Yes[X] No[]
Yes[X] No[]
Yes[] No[X]
2. Did any person while an officer, director, or trustee of the reporting entity receive directly or indirectly, during the period covered by this statement any commission on the business transactions of the reporting entity?

Yes[] No[X]
3. Except for retirement plans generally applicable to its staff employees, has the reporting entity any agreement with any person, other than contracts with its agents for the payment of commissions whereby it agrees that for any service rendered or to be rendered, that he/she shall receive directly or indirectly, any salary, compensation or emolument that will extend beyond a period of 12 months from the date of the agreement?

Yes[] No[X]

PART 2 - OFFICERS AND EMPLOYEES COMPENSATION

1 Name and Principal Position	2 Year	Annual Compensation			
		3 Salary	4 Bonus	5 All Other Compensation	6 Totals
1. This information will be sent under separate cover	2004 .....	.....	.....	.....	.....
.....	2003 .....	.....	.....	.....	.....
.....	2002 .....	.....	.....	.....	.....
2.	2004 .....	.....	.....	.....	.....
.....	2003 .....	.....	.....	.....	.....
.....	2002 .....	.....	.....	.....	.....
3.	2004 .....	.....	.....	.....	.....
.....	2003 .....	.....	.....	.....	.....
.....	2002 .....	.....	.....	.....	.....
4.	2004 .....	.....	.....	.....	.....
.....	2003 .....	.....	.....	.....	.....
.....	2002 .....	.....	.....	.....	.....
5.	2004 .....	.....	.....	.....	.....
.....	2003 .....	.....	.....	.....	.....
.....	2002 .....	.....	.....	.....	.....
6.	2004 .....	.....	.....	.....	.....
.....	2003 .....	.....	.....	.....	.....
.....	2002 .....	.....	.....	.....	.....
7.	2004 .....	.....	.....	.....	.....
.....	2003 .....	.....	.....	.....	.....
.....	2002 .....	.....	.....	.....	.....
8.	2004 .....	.....	.....	.....	.....
.....	2003 .....	.....	.....	.....	.....
.....	2002 .....	.....	.....	.....	.....
9.	2004 .....	.....	.....	.....	.....
.....	2003 .....	.....	.....	.....	.....
.....	2002 .....	.....	.....	.....	.....
10.	2004 .....	.....	.....	.....	.....
.....	2003 .....	.....	.....	.....	.....
.....	2002 .....	.....	.....	.....	.....

PART 3 - DIRECTOR COMPENSATION

1 Name and Principal Position or Occupation	2 Compensation Paid or Deferred for Services as Director	3 All Other Compensation Paid or Deferred	4 Totals
This information will be sent under separate cover
9999999

Supp4 Long Term Care Form A - Part 2 NONE

Supp4 Long Term Care Form A - Part 3 NONE

Supp5 Long Term Care Form B Summary NONE



SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES
Due April 1

For the year ended December 31, 2004

Of The Preferred Health Partnership of Tennessee, Inc.
Address (City, State, Zip Code) Knoxville , TN, 37932
NAIC Group Code 1253 NAIC Company Code 95749 Employer's ID Number 62-1546662

The Investment Risk Interrogatories are to be filed by April 1. They are also to be included with the Audited Statutory Financial Statements.
Answer the following interrogatories by reporting the applicable U. S. dollar amounts and percentages of the reporting entity's total admitted assets held in that category of investments.

1. Reporting entity's total admitted assets as reported on Page 2 of this annual statement. \$ 64,166,478

1	2	3	4
Issuer	Description of Exposure	Amount	Percentage of Total Admitted Assets
2. Ten largest exposures to a single issuer/borrower/investment.			
2.01 Northern Trust	Industrial & Miscellaneous (Unaffiliated) - Issuer Obligations	20,000,106	31.169
2.02
2.03
2.04
2.05
2.06
2.07
2.08
2.09
2.10

NAIC Rating	1 Amount	2 Percent
3. Amounts and percentages of the reporting entity's total admitted assets held in bonds and preferred stocks by NAIC rating.		
Bonds		
3.01 NAIC-1	52,942,332	82.508
3.02 NAIC-2	5,557,597	8.661
3.03 NAIC-3 .....	.....	.....
3.04 NAIC-4 .....	.....	.....
3.05 NAIC-5 .....	.....	.....
3.06 NAIC-6 .....	.....	.....
Preferred Stocks		
3.07 P/RP-1 .....	.....	.....
3.08 P/RP-2 .....	.....	.....
3.09 P/RP-3 .....	.....	.....
3.10 P/RP-4 .....	.....	.....
3.11 P/RP-5 .....	.....	.....
3.12 P/RP-6 .....	.....	.....

4. Assets held in foreign investments:
4.01 Are assets held in foreign investments less than 2.5% of the reporting entity's total admitted assets? Yes[] No[X]

	1 Amount	2 Percent
4.02 Total admitted assets held in foreign investments
4.03 Foreign-currency-denominated investments
4.04 Insurance liabilities denominated in that same foreign currency

If response, to 4.01 above is yes, responses are not required for interrogatories 5 - 10.

Supp8	Supp. Inv. Risk Interr. Pt B	NONE
Supp9	Supp. Inv. Risk Interr. Pt C	NONE
Supp10	Supp. Inv. Risk Interr. Pt D	NONE
Supp11	Supp. Inv. Risk Interr. Pt E	NONE
Supp12	Supp. Inv. Risk Interr. Pt F	NONE
Supp13	Life Supplement Title Page	NONE
Supp14	Exhibit 5 - Aggregate Reserve for Life	NONE
Supp15	Exhibit 5 - Interrogatories	NONE
Supp16	Exhibit 7 - Deposit Type Contracts	NONE
Supp17	Schedule S - Part 1 - Section 1	NONE
Supp18	Schedule S - Part 3 - Section 1	NONE



Statement of Actuarial Opinion

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